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# INDUSTRIAL CONCILIATION.







# INDUSTRIAL CONCILIATION.

BY

HENRY CROMPTON.

"

'ORDER is the condition of all progress ; for progress is always the object of order. Or to penetrate the question still more deeply, progress may be regarded simply as the development of order ; for the order of nature necessarily contains within itself the germ of all possible progress.'—AUGUSTE COMTE.



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# INDUSTRIAL CONCILIATION.

## CHAPTER I.

### THE INDUSTRIAL SITUATION.



WHEN the student of biological science investigates a problem of animal or vegetable life, his first inquiry is concerning those surrounding conditions which constitute the physical environment or medium in which the particular being lives. In like manner, before entering upon the consideration of social phenomena, it is indispensable that we should form a right estimate of the situation in which those phenomena occur. They are to the

world around them as the fish is to the water. There is action and re-action between the living parts of society and the social atmosphere in which they are, just as there is between the fish and the water. Unless we are right in this respect, our judgment is less to be relied on, and practical effort may fail for want of the necessary fitness of time or place.

We live in an age of vast and momentous change, characterized as a period of transition, as a passage from an old to a new order. The industrial movement is not separate or distinct from the other parts of the human progress. Industry is but one aspect of social life, and cannot be separated from other aspects, intellectual, moral, or political. When the public mind grasps a new political idea or seizes upon some lofty moral aspiration, it is not limited by the circumstances to which perhaps it may owe its origin, but penetrates to all the actions and desires of man. When the Radical manufacturers preached political change to the working classes, and set up before them political independence as a goal to strive for, they ought not to have been surprised to find that the ideas they had taught

with reference to the outer civic actions were at once applied to the inner industrial life. The feudal system was an industrial as well as a political subjection. If the right aspiration for every citizen is to be independent and free, that is, not subject to arbitrary power but dependent only upon just laws, the same aspiration must inevitably appear right to him in his capacity of workman. The political cry for Reform was equally a cry for a new industrial rule. Such was the meaning of the great processions of working men, to those who knew the key to the writing on the wall.

The authority of employers is not necessarily undermined by the men becoming more independent. The only industrial scheme which really threatens the existence of the employer class is that of Co-operative Production. The complete independence of the working classes is inevitable, and only a question of time. The sooner it is realised the better. And while the workmen ought not to relax their efforts, the employers have to accept the facts, and help their men to obtain an independence which is the only sure foundation for a higher and nobler authority. "I was asked," says



Mr. Rupert Kettle, "to go to the city of Coventry for the purpose of establishing the arbitration system there, and I found that if the men had perfect freedom and the masters had perfect freedom, and the dominant and servile position was entirely disregarded, and they met upon equal terms, it was just as easy to bring men to business as at Wolverhampton."

We may well look back to the beginning of this long struggle by labour to achieve freedom, and compare the condition of the working classes in the past to that of workmen in the best modern employment, where each man's freedom is assured, and the fullest respect paid to the worth and dignity of labour. Such a contrast is no less than that between the slave and the free citizen. The independence of the working classes does not constitute the industrial progress, but it is a prime factor in that progress. The obstinate refusal to acknowledge and accept this fact can only bring about in the future a renewal of the deadly struggle which has taken place in the past, and is therefore to be condemned, as conduct contrary to the

interests of mankind. A superficial view of the industrial battle-field might lead any one to believe that war on a larger scale than ever was now imminent between labour and capital. On each side are massed larger forces, arrayed for war and ever increasing in numbers, in material resources, in skilful leadership, and in organization; on each side all minor causes of dissension and disunion are put aside, such as individual interests and personal animosities, that a united front may be presented to the common foe. But this would be a false and delusive picture—the dark side only. The bright side is very different, full of hope and full of promise. This it is I wish to paint.

Increased organization, whether of masters or men, or of both, means decreased war. Though more noticed, strikes occur less frequently. When there is a strike or a lock-out, though the area is greater, the contest is less bitter and intense. Moral and intellectual pressure has a greater coercive effect upon both sides. More attention is paid by each side to the views of the other. There is far more restraint. Wiser and more prudent counsels tend

to prevail. The strike or the lock-out has less of the character of war to the death. Each side presents less of the stiff-necked, dogged resolve to yield nothing, but fight it out to the bitter end. If we take a typical instance of a struggle of twenty-five years ago, the lock-out of the engineers in 1852, we find it beginning with an ultimatum or declaration of war by the Union, wrong in form, even had the object been right, and calculated to irritate and inflame the employers. On the other hand, the employers entered upon the contest with the formidable announcement that they would utterly destroy the great institution, which the men rightly regarded as the means of their safety and strength. Refusing all offers of compromise, the employers would only accept the complete and abject submission of the men. They had to choose between starvation or desertion of their Union. They were forced to promise to break faith with their Union ; and in the end they broke their promise and not their faith. It was a fierce and ungenerous triumph by the employers, but a fruitless victory, as far as the destruction of the Union was concerned. For

the Society of Amalgamated Engineers, instead of being destroyed, acquired fresh strength and has prospered ever since ; proving that the power of combination can withstand the most crushing defeat.

There has in truth been a great intellectual and moral progress among employers and employed. Doubtless, there are parts of England and certain trades in which the relations between employers and employed are as bad now as was ever the case. There are trades in which the most brutal savagery is still the rule. This is the blackest part of the dark side ; but the bright, if slowly, is surely gaining upon it. None of the leaders of the workmen have ever desired that there should be any relaxation of the law dealing with real crimes. The agitation for the abolition of the unjust laws which have lately been repealed has not been disadvantageous to the working classes. Questions of personal interference, of criminal and moral responsibility, have been brought vividly before them. They have been thus made to see the necessity and advantage of having to justify their actions in the

full light of public opinion. The passing of the recent Labour Laws, recognizing the complete legal independence of the working classes, has come at an opportune time. Industrial independence must follow. A strong current has set in from the old towards the new order. Everything tends in that direction, whether we look to the attitude of the employers to the employed, of the employed to the employers, or whether we look to the moral and intellectual change in public opinion on these industrial questions. The time has in fact arrived for a new departure, or rather for fresh efforts in that direction which has proved to be right. The central fact, the focus of light, is, the success of the boards of conciliation. The last ten years have been their time of trial, and the results of the system are more satisfactory than its promoters had dared to prophesy. Wishing to show the real progress that is taking place in industry, I am forced by the logic of facts to group what I have to say round this system of conciliation.

The practical success which has attended the establishment of most of the boards of arbitration

and conciliation is due to the fact that the employers have really accepted the independence of the men—that is, they have accepted the trades unions, which the men rightly regard as the secret of their strength. To pretend that their independence is assured when each workman contracts individually with his employer and their collective wishes and actions are disregarded, is too transparent a fallacy to need discussion. As if men could be made independent when their strength was paralysed, or when they were deprived of habitual association and co-operation in their common purposes. Complete independence involves a recognition by the employers of the trades unions, and this is better done and more permanently assured by a board of conciliation. Whatever difficulties there may be in the application of systematic conciliation to some trades, this much is shown—that where it has been successfully applied, it is not only capable of diminishing the shock of the opposing forces, but apparently of actually reconciling capital and labour.

The conciliation system has been contemptuously

termed a "panacea." The sarcasm brings out the truth. No one, not even the strongest opponent, ventures to use any other language than that of respectful acknowledgment for what has been effected. It is precisely as a panacea that the system works and is most needed. It has to deal with a diseased and abnormal condition of the industrial relations. The system is so elastic, and admits of being so easily modified to fit the differences which the various trades exhibit, that I do not hesitate to say that there is more cogent proof of its being universally applicable to industrial disputes, than there is of any medicine in the pharmacopœia being universally applicable to the treatment of any bodily disease. But it does not follow that these modern associations, of employers, of workmen, or of both, are permanent institutions. The value of a trade union or of a board of conciliation is as a means to a definite end, not as a solution of the labour difficulty. That solution can only be moral—improved morality on the part of masters and men. The very strength of the conciliation plan consists in its being a rough

scheme, which directly brings the two in contact, and develops the higher human qualities of each.

Far too much is made of such questions as that of piece-work or day-work. The mere form of remuneration or hiring is a matter of comparatively secondary importance. Crushing and enslaving abuses are incidental to both piece-work and day-work, unless regulated by a high morality, or, at least, by a sense of justice. Even in some of those very trades in which, as for instance, in agriculture, the general introduction of piece-work would insure a great advance in the material welfare of the labourers, there are districts in which piece-work is the instrument of injustice and tyranny. Where this is the case, the substitution of a day system, regulated with justice and kindness, and recognizing the independence of the men, would be a change from bad to good. The trades unions are not, as is often alleged, opposed to piece-work. The majority of them work by the piece. This is the case throughout the textile manufactures. In some industries, as the tailors', the strikes have been for



the purpose of establishing a proper system of prices for piece-work. The strike of the cabinet-makers, which was alleged to be against piece-work, was to maintain the true piece-work system, and prevent the introduction of the lump or sweating system. A great deal of unjust criticism has been poured upon the unions that do resist the introduction or increase of piece-work ; although no one has refuted the assertion made by the men, that in certain trades piece-work has given rise to a grinding oppression, embittering and degrading the workman's life. This rests upon the most convincing evidence, and therefore the struggle against piece-work in those trades has been a struggle for liberty, quite irrespective of whether piece-work or day-work is the best in theory. Mr. John Burnett, the Secretary to the Amalgamated Engineers, in his letter to the *Times* on the Erith strike, admitted that, after all, his objections were rather to the abuses than to the principle of piece-work. The subject has been inadequately discussed, not having been treated by any one who had taken the trouble to investigate the large facts of social and industrial

organization on which it depends. Very few of those who did write upon it fully recognized the limits within which piece-work is desirable or practicable. In very many industries piece-work is impossible, from the nature of the work, or because there is no means of measuring the piece, or because the quality of the work and the time required are uncertain and variable. Nor must we forget that one of the most serious evils of modern industrialism is the excessive subdivision of labour, which the piece-work system apparently stimulates and fails to regulate.

The gradual rise and development of the working classes is then the great social fact underlying the whole industrial question. Individually and collectively, the workmen have assumed a new position. The old relationship of masters and men is shattered. Everywhere short contracts, even minute contracts, are superseding the longer periods of hiring. Short service is becoming the rule among domestic servants. The yearly hirings of agricultural labourers have been rudely shaken. It cannot be doubted that the future of the working classes



must be moulded by these large facts. Upon these, as a foundation, the employers must seek to re-constitute their authority. Too many of them have shut their eyes and refused to see. Some have actually thought that they could explain such facts by crediting them to the efforts of "mischievous agitators." No man could have caused the minute system of employment. No man could have created an organization like that of the Amalgamated Society of Engineers. They are the product of vast forces acting through a long period of time ; a product which man may indeed learn to modify and regulate, but which he cannot create or destroy. The explanation of such stupendous facts by the work of agitators, is exactly similar to the primitive belief of savages, who attribute the occurrence of eclipses and the appearance of comets to the manipulations of a juggler or a sorcerer. Happily the most enlightened and generous employers have not been deceived by such notions, but have clearly discerned the character of the industrial movement. An advance is being made now by some of the employers towards


the working classes which deserves the utmost praise, which warrants the greatest hope in the future, and without which all schemes of arbitration or of conciliation would be of little good.





## CHAPTER II.

### ARBITRATION.

RBITRATION is not the same as conciliation, but may be used when conciliation has failed, or where there has been no attempt at conciliation. Arbitration is "after the fact," and implies that a cause of difference and a dispute have arisen. By arbitration this may be settled, a compromise effected, and war averted; and that whether the dispute relates to past arrangements, as to what are the terms of an existing contract, the just application of those terms to a new state of things, or whether the difficulty is to agree upon future prices or conditions of labour. Desirable as this obviously is,

conciliation aims at something higher,—at doing before the fact that which arbitration accomplishes after. It seeks to prevent and remove the causes of dispute before they arise, to adjust differences and claims before they become disputes. Arbitration is limited to the larger and more general questions of industry, those of wages or prices, or those concerning a whole trade. A board of conciliation deals with matters that could not be arbitrated upon ; promoting the growth of beneficial customs ; interfering in the smaller details of industrial life ; modifying or removing some of the worst evils incidental to modern industry, such, for example, as the truck system, or the wrongs which workmen suffer at the hands of middlemen and overseers. It will be seen in another chapter that the very difficulties for which arbitration is a remedy are best got rid of by the simplest kind of conciliation in the earliest stages of the difficulty. There may be arbitration without conciliation, but the converse is not true ; at least, there cannot be systematic conciliation without some form of arbitration in the background, to be used

as a last resort, instead of a strike or lock-out. In some boards there is an arbitration rule, by which, if any such dispute does arise which cannot be settled otherwise, an independent arbitrator shall be appointed. In other systems there is a standing referee, whose decision is final. In others the chairman of the board has a casting vote. A conciliation board has standing committees, regular times of meeting, and is in fact a machinery for accommodating the conflicting interests of employers and employed.

Conciliation has unquestionably sprung from arbitration. The first established system of arbitration was seen in France at the beginning of this century, and was due to the general impulse given by the French Revolution and to the destruction of class distinctions. Certain legal tribunals were created by law, called the "conseils des prud'hommes." They were composed of employers and employed, and were authorised to determine disputes that might arise between capital and labour; but they had no jurisdiction which enabled them to settle disputes as to future wages or prices,

or to fix terms of employment. In Belgium, moreover, these courts seem to have had a semi-criminal jurisdiction to punish misconduct by the infliction of a fine, like the late Masters and Servants Act. Probably arbitration in England owes its origin to these "*conseils des prud'hommes*." Throughout the century disputes have been settled between employers and employed by resort to arbitration; and in some trades—as, for example, in the pottery trade—the practice arose of inserting an arbitration clause in labour contracts. About 1850 the principle of arbitration was advocated as the best means of insuring peace between labour and capital. But it was not, as far as I can learn,<sup>1</sup> until 1860 that any permanent system or board of arbitration came into actual operation. The two men who have been most instrumental in this work, and whose names will long be remembered in connection with this movement, are Mr. Mundella and

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<sup>1</sup> There was a board in existence earlier than this in the silk trade, and also in the printing trade, but they did not last. See Chapter VI.



Mr. Rupert Kettle. Mr. Kettle, a lawyer and judge, naturally approached the subject from a legal point of view. Mr. Mundella, a manufacturer, and himself sprung from the working classes, went straight to the practical and moral end implied by the word conciliation. If his route to the right result was more direct, Mr. Kettle's was of even greater experimental value, constituting an experience that could not well be dispensed with. It is very satisfactory to find that both routes of this noble emulation converge, each affording strength to the common conclusions. Mr. Kettle's scheme was based on a simple, yet admirable, application of the principles of the common law. A code of working rules was drawn up by the representatives of employers and employed. These rules were posted up in the workshops, and a copy was given to every workman engaged. The working rules thus brought to the notice of the parties became a contract binding between each employer and every workman he engaged, which could be enforced at law. But it was very soon found, in confirmation of Mr. Mundella's view, that the real

difficulties were not relative to past, but to future prices and arrangements. Mr. Kettle says that "differences upon the terms of a future contract, arising from the difficulty of foreseeing the future rate of wages," are most liable to lead to disputes. Mr. Mundella says: "If we had only to discuss quarrels that have arisen about the past state of prices we should have almost nothing to do, because it is rarely that there is any dispute what shall be the rate this week, but the dispute is, what shall be the rate next week." It was soon evident that a legal system of adjudication was limited by the shortness of the notice to which the actual contract was invariably subject. However valuable these contracts or codes of working rules may be, their value is impaired and lessened when, as is the case in the building trades, each side can put an end to the contract at any moment, without notice, or with very short notice. Moreover, such a plan was too cumbersome for the rapid adjustment of small differences. It became, therefore, necessary to introduce a rule for conciliation. A sub-committee, or smaller body of employers and employed, was appointed to meet

oftener, and deal with the smaller matters as they arose. This, which was first looked upon as subsidiary, gradually assumed greater prominence, and has now become the really essential and vital part of the system. It is not too much to say that the condition of all systems of arbitration being permanently successful is, that full prominence should be given to this feature of conciliation by a small committee. Mr. Kettle admits that "a union of conciliation and arbitration would not be inconsistent. An arbitration court did, in fact, include conciliation, and so much was this true that sixteen out of twenty cases were settled by conciliation." But he still adheres to the opinion that the legal form and aspect of arbitration is the best. The difference between Mr. Kettle's view and Mr. Mundella's is well expressed by the words sometimes used to designate their respective systems, namely, "an arbitration *court*," and "a *board* of conciliation." Mr. Kettle thinks that an umpire is required to act as judge between the parties, that "an arbitrator would be able to keep before the disputants those great and fundamental rules of commercial economy

by which service contracts are ultimately governed," and that "an arbitrator undisturbed by the emotions of the conflict would apply them to the facts before him." This is arbitration by a court, not by a board. The umpire presides over the investigation; two arbitrators are appointed by the employers, and two by the men. These four are a kind of jury. If they cannot agree, the umpire has to make his award. Such a plan is very desirable where there is antagonism and suspicion existing between masters and men. The presence of an umpire must exercise a salutary restraint over both sides, and such arbitrations must necessarily have a great effect in carrying out the object aimed at—namely, the peaceful settlement of these burning questions. There are trades now where any other mode would be impossible. Probably no other plan is so well adapted to the putting an end to a strike or lock-out.

It must be admitted that Mr. Kettle, in elaborating this system, and himself successfully undertaking the difficult office of umpire, has done a work the importance of which cannot be over-

estimated. But its uses are temporary and provisional. No institution can be permanent which contemplates a continuous and lasting opposition between labour and capital. The same may be said of the trades unions, which have been well described as "armed peace;" but then they have other functions besides that of resisting and opposing employers, and they are capable of being modified and transformed for the better carrying out of useful and social purposes, as the present antagonism between capital and labour diminishes and dies away. So too with boards of conciliation, which have already shown that they are capable of being employed to promote industrial progress, apart from the more special object with which they were originally established.

Every board of conciliation, as has been said, must have an ultimate appeal of some kind. If it be to an umpire, it is much better, when it is practicable, that he should not attend; that his name should only appear on the title-page of the book of rules, to remind both sides that there is an ultimate appeal to something better than force. The

system of umpires, arbitrators, and advocates on each side, is by no means free from vices and dangers. Generally, each side appoints two arbitrators ; these, though perfectly honest, are not always impartial judges, and too often fiery partisans. Indeed, I have known an instance in which, I believe, from peculiar circumstances, the case for the men was actually drawn up by one of the men's arbitrators, after the investigation had begun. Constantly the men's arbitrators go to the investigation simply to get as much as they possibly can for the men. No doubt, war at the arbitration court is better than strikes and lock-outs.

Well-founded fears are entertained lest the legal side of these arbitrations should be increased, and lest all the vices of advocacy, its subtleties and hair-splittings, and the system of winning causes by the suppression of truth, should poison the system and destroy its candour and vigour. The notion is gaining ground that it is desirable that each fresh arbitration should start from the conclusions of the last award.

In the coal arbitrations, this is claimed as a right by the advocates of the miners. Mr. Herschell, in his recent award in the Northumberland coal trade, agrees with the view urged by the representatives of the miners, "that the last award ought, as a rule, to be taken as the starting point," and he further recommends the establishment of a more permanent tribunal, because "a uniform principle would then be applied, and justice would more certainly be done to all parties than if the tribunal is different on each occasion, and is unable to know completely and accurately the principles on which its predecessor proceeded." The error of this legal conception consists in the failure to see that these arbitrations are only temporary expedients, to enable industry to emerge from a chronic state of war, and that giving systematic and permanent form to the continual succession of arbitration struggles is a danger as formidable as the system of strikes. If each arbitration is to be governed by the accumulated results of former awards, we shall have a series of decisions gradually forming a voluminous and unintelligible

library of case law, and a system of refined advocacy. Indeed, the printed reports of the various arbitrations in the coal trade have already assumed a formidable appearance. I should entertain great apprehension that if these ideas were adopted they would prove fatal to arbitration, were it not that I am sure that masters and men will instinctively reject anything of the sort. It cannot be too strongly impressed upon employers and employed, that whatever temporary benefits this kind of arbitration may bring, it is not and cannot be a means of thoroughly reconciling capital and labour.

There is, besides, another source of danger in these courts, a fallacy that would sooner or later lead to serious difficulty, if it were really acted on. It consists in the too absolute conception formed of economical truth. The inevitable consequence of the arbitration court presided over by a legal or judicial umpire, is, that he is by his training instinctively impelled to seek for absolute rules, which he can apply to the disputes that come before him. At law, certain rules are by statute or custom made absolute for the very purpose of easy and precise



application to practice. There are none such in political economy. Mr. Kettle, however, thinks differently; he says: "It is too much the fashion to regard these rules as mere theories; they are in fact as easy of practical and familiar application as a spirit level and a pair of compasses; and an arbitrator, undisturbed by the emotions of the conflict, would apply them to the facts before him almost as easily as an artisan uses those simple instruments." A more dangerous fallacy could not possibly be propounded. But the fact is, that Mr. Kettle's awards fail entirely to carry out this view. They are remarkable for very vigorous analysis and skilful unravelling of complicated facts, but in no sense are they deductive applications of the truths of political economy. Any attempt to carry out such a scheme must inevitably lead to disappointment, where the arbitrator does not make up for the mistake by clear and practical views as to the causes of the difficulty which he is called upon to adjust.

John Stuart Mill says, in a remarkable passage in the preface to his "Political Economy," "For

practical purposes, political economy is inseparably intertwined with many other branches of social philosophy. Except on matters of mere detail, there are perhaps no practical questions, even among those which approach nearest to the character of purely economical questions, which admit of being decided on economical premises alone."

The following quotation from Mr. Kettle raises the point in question. He says: "If a board made a decision which took wages out of capital it would be most unjust; and on the other hand, if the board took profit out of wages, that would be equally unjust. But it afforded the means of ascertaining exactly what the value of the labour was at that particular time; in fact, it was a mart and market, where both parties were independent dealers, where the market price was arrived at by the discussion by the board; and if a dispute arose as to what was the market price, by discussing the grounds upon which the two parties based their respective claims the true value was ascertained. But the decision must be based on what was just

and equitable at the time, and not on what might be forced from one side or conceded by the other." If the words "just and equitable" meant "after full consideration of all the moral and social circumstances of the case," then I have no objection to and can heartily accept this view. But if it means that the rigid adherence to certain rudely estimated economical relations between capital, profits, prices, and wages, are to be treated as absolute facts to be directly applied, and that, all other social and moral facts being excluded, they are to form the sole basis of the arbitration, that is a fallacy which, sooner or later, must destroy the usefulness of courts of arbitration. Mr. Kettle has, indeed, expressly advocated this separation between the moral and economical laws, and that the former must be disregarded in coming to a practical decision on these matters. But in practical judgments and actions they cannot be separated. Both are necessary parts of every practical conclusion, as inseparable as are the sensory and motor nerves in the living body by which physical action is governed. Not only must the economical and moral be combined, but they must

be rightly combined, or error and failure will surely follow.

Courts of arbitration, then, have a great work before them, limited in extent and temporary; namely, to bring about peaceful relations, and get rid of strikes and lock-outs. To the further carrying on of this work we must look to boards of conciliation, which, still more than courts of arbitration, are calculated to draw the masters and men nearer together. A board of conciliation can achieve that at which arbitration should aim, that is, a moral and religious settlement, necessarily based on a due regard to all economical conditions and facts. Mr. Kettle has done good service by insisting on the business character of boards of arbitration. Business does not exclude, but should be based on and subordinate to, justice and morality.

Business facts and economical facts have to be determined irrespective of other considerations. But the moment we step from dealing intellectually with facts to applying them practically to conduct, our economical conclusions must be combined with social and moral considerations. There

is nothing in such a picture that may not be accomplished, that has not been already accomplished ; any one could point to employers who have perfectly succeeded in this, and whose names are household words among the working classes. It is not to the lower and narrow-minded employers that we look with hope, but to those of a different type, who realize the inadequacy and the unsatisfactory state of the present system, who can look forward to an industrial development, the extent and precise nature of which we do not clearly understand, but which we perceive is going on before our eyes, and which we are bound by everything we revere to further, and not to hinder.





## CHAPTER III.

### CONCILIATION.



WE have seen that in every conciliation board there must be some method of final decision, that is, arbitration in some shape, and that there can be no permanent *system* of arbitration without conciliation. The development of arbitration and conciliation in industry is characterized by the increasing prominence of conciliation; whereas arbitration, though a necessary, tends to become a less and less important feature. Mr. Mundella must be regarded as the inventor of systematic industrial conciliation. The first board was started in his own trade of hosiery in the year 1860. Prior to that time the history of the relations be-

tween employers and employed in the trade is that of war. If the worst aspects of this war, the terrible riots, the murders, arsons, and machine-breakings of the early part of the century, had disappeared, there was still hatred and suspicion by the operatives towards their masters, who in their turn entertained feelings of animosity against the men. Mr. Mundella admits that, "In times of depression a manufacturer pressed down the workmen as low as he possibly could, and the less conscience he had of course the more he pressed down the workmen; and when the time for an advance came, or better trade, although the natural demand for labour would sometimes force up wages a little, yet it was always resisted as much as possible. The men sent deputations from trades unions round to the hosiers' warehouses. At one warehouse they would be told to walk downstairs, the masters would not acknowledge trades unions. At another they would be told: 'Well, we shall wait till we see what our neighbours do.' After going round to the different firms and being received in that way, the chances are that the men would go home and

strike, and it would depend on circumstances how long they could keep out. They would, perhaps, ask for more than was the natural rate, more than the trade could fairly give. It was simply starving out the manufacturer or the workman till a compromise was effected."

In 1860 there were three strikes in one branch of the trade, one of which lasted eleven weeks. The manufacturers met together to consider what they should do in their defence. A general lock-out was proposed, but this meant the turning a large population into the streets. They shrank from such a step. Wisely and nobly they resolved to try a better alternative; after some consideration a handbill was issued inviting a conference between masters and men to see if a peaceable issue might not be found to the dispute, which was one of wages. "Three of us," says Mr. Mundella, "met a dozen leaders of the trades unions. We consulted with these men and told them that the present plan was a bad one, that they took every advantage of us when we had a demand, and we took every advantage of them when trade was bad, and it was a system mutually predatory. Well, the men



were very suspicious at first : indeed, it is impossible to describe to you how suspiciously we looked at each other. Some of the manufacturers also deprecated our proceedings, and said that we were degrading them. However, we had some ideas of our own, and we went on with them, and we sketched out what we called 'a board of arbitration and conciliation.'" They agreed to refer all questions in dispute to the board ; that the board should be composed of an equal number of manufacturers and workmen, both to be chosen annually by their respective bodies. " When we came to make our rules it was agreed that the chairman should be elected by the meeting, and should have a vote, and a casting vote when necessary. I was chosen the chairman in the first instance, and I have been the chairman ever since. I have a casting vote, and twice that casting vote has got us into trouble, and for the last four years<sup>1</sup> it has been resolved that we would not vote at all. Even when a working man was convinced, or a

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<sup>1</sup> Mr. Mundella said this in 1868.

master convinced, he did not like acting against his own order, and in some instances we had secessions in consequence of that ; so we said, ' Do not let us vote again ; let us try if we can agree ;' and we did agree." Although the rules of the board still give the chairman a casting vote, it is never used. The chairman is always an employer, and it is thought undesirable that where there is an equal vote, the decision should be given by an employer. The board has consequently come to the determination that in such an event, there shall be a reference to some arbitrator to be appointed for the occasion. There would be no objection on the part of the board to a permanent referee, so long as he was acquainted with the trade ; but there is a very strong feeling against a stranger referee, as the questions must depend to a great extent on the judgment formed of foreign goods, and the probable effect of foreign competition on the trade. The proceedings of the board are very informal, not like a court, but the masters and men sit round a table, the men interspersed with the masters. Each side has its secretary. The proceedings are

without ceremony, and the matter is settled by what the men call "a long jaw," discussion and explanation of views, in which the men convince the masters as often as the masters the men. Of course this does not mean that every member of the board is always convinced, though it seems that even this is very often the case, but when they are not they are content to compromise. They know the fatal consequences of disagreement. They agree by coming to the best arrangement possible under the circumstances. It is in fact conciliation, and is far better than the decision of a court or of an umpire. The "long jaw," ending in agreement, may take a longer time, but is the true practical way out of the difficulty.

In the hosiery trade all employment is by piece-work. We have seen that wherever the nature of the work admits of employment by piece-work, the system requires to be properly regulated or it will work injustice. It is not true that the unions desire to fix a maximum wage or price, and allow no one to earn more. This is not true; but they do aim at fixing a minimum, below which the

wages, whether measured by time or by the piece, shall not fall. The unions are guilds of skilled men, and they look with natural jealousy on a properly qualified artist taking less than his services are worth. So they often fix a minimum or limit, though this is hardly so fixed and unchangeable a limit as the guinea fee of the barrister or physician. The condition of a fair system of remuneration by piece-work is some plan for giving temporary fixity to the price of the piece, or else some system by which, when any alteration is necessary, the change can be adjusted according to some known and fixed principle. This is what Mr. Mundella's board accomplishes, by fixing the price of all piece-work for a certain time in advance. There are statements of prices of no less than 6,000 articles. This fixes the wages just as much as if it fixed wages for time service. It amounts to a code of rules regulating the particulars of the whole trade, sometimes lasting without change for as long a period as two or three years. The convenience of all parties is consulted. The board meets once every three months, but may be called together oftener

should occasion arise. Due notice of any proposed alteration must be given beforehand.

Both Mr. Mundella and Mr. Kettle agree that these boards ought to be voluntary, and not compulsory. They believe that compulsion is fatal to conciliation. Some of the trades unionists have certainly been in favour of compulsory arbitration. But I believe I am right in stating that the present compulsory legal powers have never been used by either side to compel the other to arbitrate on any dispute.<sup>1</sup> Mr. Mundella and Mr. Kettle rely on the moral coercion which the employers and the men can exercise over the individual members of their respective bodies. The influence of the employers and fair reasoning are sufficient to make any employer who might be disposed to disregard the decision of the board see the advantage in the long run of loyally accepting an unfavourable decision of the board. With the workmen there would be a great difficulty if there were no trades unions. There is no way of binding the men to accept the decision

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<sup>1</sup> See Appendix on the Law applicable to Arbitration.

of the board, unless there are unions or some other organization among them that would have the same power over them. Happily the trades unions have been able to discharge this function, and not for the unionists only but for the non-unionists as well. The latter are very glad to avail themselves of the advantages accruing from the established organization of the unions; and the board is in fact a bond of union and peace between unionist and non-unionist. Some boards have rules to prevent any difference arising from the fact of a man's belonging or not belonging to a trade union. One of Mr. Kettle's rules says, "Neither masters nor men shall interfere with any man on account of his being a society man or non-society man." The board in fact accepts the trade union and the principle of combination among employers and employed, and uses it as the instrument for establishing peace and good will, liberty and justice. Both Mr. Kettle and Mr. Mundella testify to the value of the trades unions, and to the way in which the workmen have performed their part. Mr. Kettle says: "My experience of arbitration is, that when the masters and

the men meet as men of business, and discuss their business matters together with perfect freedom, it is the greatest possible relief both to the men and to the masters, that they appreciate the opportunity of coming and discussing the matter candidly and fairly with one another, and I have never found the men unreasonable, nor have I found the masters unreasonable. Sometimes I have heard untenable propositions enunciated on either side, but the general result is that they meet in a proper spirit and come to a satisfactory arrangement."

Mr. Mundella says: "The very men that the manufacturers dreaded were the men that were sent to represent the workmen at the board. We found them the most straightforward men we could desire to have to deal with; we have often found that the power behind them has been too strong for them; they are generally the most intelligent men; and often they are put under great pressure by workmen outside to do things which they know to be contrary to common sense, and they will not do them. They have been the greatest barriers we have had between the ignorant workmen and ourselves."

One of the most important parts of the system has yet to be described, that is, the committee of inquiry, which consists of four members of the board, two employers and two operatives. If a dispute arises it comes in the first instance before the two secretaries of the board. If they fail to adjust the difference it is brought before the committee of inquiry, but they have no power to make an award. They can only settle the difference amicably by the consent of both sides. In one of the rules it is distinctly laid down that neither board nor committee will entertain any application from men on strike. The condition of the board's action is, that the men remain at their work. Every case has to pass through the hands, first of the secretaries, then of the committee, before it comes to the last stage, the board. There has been no appeal to the board for a year. The vice-president, who is a workman, writes to me thus : " We have many disputes, but we soon settle them. I have settled two this week quite satisfactorily to both workmen and employers. I have another for to-morrow. But I have no doubt when I see the parties it will be all



right, without either the committee or the board." The board has been a success for fifteen years. Masters and men have been loyal to the decisions. There have been exceptional instances, in which individual masters and small bodies of men have taken huff and rejected the decision of the board; but this was only for a short time. Generally, when such seceders have listened to the arguments of the members of the board, they have in time seen their error, have come back, and by so doing have strengthened, rather than weakened, the vitality of the system. The lesson could not be learnt by all at once.

There is a similar board for the Leicester hosiery trade, which is not the same industry, but a manufacture of coarser goods. It dates from 1868, and the differences between this and the Nottingham board are very slight. The board is composed of nine manufacturers, nine workmen, and six middlemen, three of the latter being chosen by the masters and three by the men; there is a standing referee appointed, whose decision is final in the event of an equal vote; and the committee of inquiry consists

of two employers, two workmen, and one middleman. One of the workmen on the board writes: "We have had many difficult questions to decide, one being the removal of an old custom, rents and charges. The equivalent was determined by the board. We have considerable interest and sympathy with boards of this kind, but unless both sides of the board enter into disputes with a desire and determination to do what is proved to be right, they will be of no use. We have had no trouble in the hosiery trade, either with manufacturers or men, in carrying out the decisions of the board. All have accepted them." At Derby there has been another board, which has worked successfully upon similar rules.

All that has been said of the Nottingham hosiery trade applies to the Nottingham lace trade. But the constitution of the board in the lace trade presents features of great interest. It is composed of twelve employers and twelve workmen. There are three different branches of the trade, and the board is a representation of these three branches. Six masters and six men represent one branch, the

other two branches being represented each by three masters and three men. There are three committees of inquiry, each composed of three masters and three men, one committee for each branch of the trade. Every question arising out of one particular branch of the trade comes before the corresponding committee, and the matter must be considered by all the members of that committee before it is sent to the board. The committee have power to make binding awards, but only with the consent of both sides ; and not in cases where an award would affect others outside that branch. As in the Leicester board, there is a standing referee, appointed annually,<sup>1</sup> who is not an umpire to preside over the arbitration, but simply a referee, who is appealed to in case of an equal vote, and whose decision is final. This board, which was started

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<sup>1</sup> The writer of this book is the present referee to the board in the lace trade. He only accepted the office after having expressly stated that he was entirely ignorant of the details and processes of such manufactures. It was a very striking fact that the employers should accept as referee one who could only be known to them as having advocated certain views on behalf of the trades unions.

soon after Mr. Mundella's in the hosiery trade, has been a complete success. Its constitution and rules appear to me the best I have seen, and I therefore print them at the end of the book. The representative character of the board appears to have two results: one, of satisfying the men that their case has been decided by men who really understand the facts; the other, that the work of conciliation is done by the parties actually concerned and not by strangers. The plan reduces the interference of strangers to a minimum, which is indeed the very essence and principal merit of industrial conciliation. The system might be applied to create boards in complicated industries, as I shall show when I come to the consideration of the building trades. The representative plan has been used with great success too in the iron trade, where the board was directly framed from this type.

If the movement had gone no further than the staple trades of Nottingham and the Leicester hosiery trade, it would have been a most successful and remarkable reconciliation between capital and labour, but it would have been far from a decisive



experiment ; though such an example might well have induced employers in other trades to follow in the same path. For the change has been from war to peace. Confidence and goodwill have replaced suspicion and open hostility. The constant reference of differences and disputes to an acknowledged authority for decision upon the basis of reason and proof, and the abiding loyally by adverse and disappointing awards, is truly a great moral lesson. Besides this, the lesson has a valuable intellectual influence, in teaching the working classes to look further into the future than they are wont to do. The moral and social advantages of a board of conciliation cannot be disputed. But other questions must be dealt with. How far is industrial conciliation applicable to other industries ; and is it economically a success ?





## CHAPTER IV.

### THE MANUFACTURED IRON TRADE.



HERE is no portion of our industrial history more interesting or more important than that of the manufactured iron trade of the North of England, both in regard to the rapid growth of a mighty industry and the improvement of the relations between masters and men. No better example than this can be given of the profound truth which I have placed upon the title-page, and which is the text and key to the investigation of all social phenomena. The relations between employers and employed are not arbitrary or capable of being altered in any way that fancy may dictate. Notwithstanding the

fact that so many employers have issued from the ranks of labour, the constant tendency throughout the long past, dating from the period when slavery or serfdom was the mode of industrial rule, has been for employers and employed to become more distinct, more different, and more unlike. Not to see and recognize this divergence, is to fail to understand the conditions of the problem by the solution of which these conflicting forces are to be reconciled and united in harmonious action. The past has been remarkable for the increase of actual force—the force of combined numbers on the one hand, of concentrated wealth on the other. The problem of the future is therefore a double one: that of combining the two and regulating their action. Employers and employed, and the relations subsisting between them, constitute an essential part of the natural structure or order of modern society. Industrial progress may be analyzed into two constituents—material and human. We may consider the lower of these first, namely, the material or economical progress, and investigate the gradual improvement in the modes of accumulating, pre-

serving, and distributing wealth. The second and higher progress is the actual development of the individual employers and employed, and of the natural human relations between them. The manufacturers of this country, desirous to obtain light on these difficult matters, appear to me to have over-estimated the value of the lower, and neglected the study of the higher progress. The fact that the economical laws are a necessary foundation does not clash with the truth that the higher progress is assuming an ever increasing importance. The industrial struggles would never have assumed the dimensions they have attained to if the employers had realized the importance of the higher progress, and had done more for the education of the individual workman, and for the development of his family life. The foregoing chapters show that a great change is taking place, and that the English capitalists are now rising to a consciousness of the higher progress, and this will be still more fully borne out by the present chapter.

The iron trade is one of the greatest and most remarkable branches of British industry. It may,



perhaps, be said to be more characteristic of, and more connected with, the material power of England than any other trade. Enormous capital is invested in the production and manufacture of iron; and thereby large populations in various parts of England, Scotland, and Wales find means of livelihood. The manufacturer has not to rely on other countries for a supply of his raw material; which fact, by itself, tends to exclude some sources of instability. But, on the other hand, the great extent of its export relations with other countries, its close dependence upon the production of coal, its complicated labour difficulties, its connection with the railway system; all these are causes which may partially explain how it is that the iron trade is subject to the most remarkable fluctuations in prices. "You cannot," said one of the iron-worker's delegates, "see a fortnight before you in the trade." These changes are so large and sudden that they seem to defy all prudence and render foresight all but impossible.

The economist or social philosopher may well seek to unravel the complicated conditions on which such phenomena depend, and to find a uniform constancy

amidst such a changing variety. Viewed, however, with reference to the practical purpose of this book, they are precisely the very circumstances most calculated to strain a system of conciliation to the farthest point. The magnitude of the interests involved, by the side of which industries like the two staple trades of Nottingham seem insignificant, renders the introduction and success of a board of arbitration and conciliation in the iron trade one of the most hopeful industrial events of the present time.

Without the proof of actual success, an opponent might not unreasonably have argued that a scheme like that of the Nottingham Boards must necessarily be inapplicable to an industry like the manufacture of iron. Moreover, there were other most serious obstacles, which had to be overcome before any reconciliation could be effected between the ironmasters and the ironworkers. The work the men have to do in the manufacture of iron is extremely trying to their health and strength. Excessive physical labour is not conducive to intellectual vigour, but the reverse. Intellectual capacity is by no means necessary to the successful

ironworker, however advantageous otherwise to his social well being. The ironworkers are badly educated. I find no evidence of any superiority, like that respecting some of the coal-miners.

The North of England iron trade was started at Middlesborough before the year 1860. During the succeeding ten years it underwent very rapid growth, and became one of the most important districts for the manufacture of iron. A large number of operatives had been collected together from various parts of England. Some came from ironworks in other places, many from other trades, and a considerable number were Irish labourers. Hence there was a want of discipline among them. They were strangers to their employers as well as to each other. There were none or very few of those ties of friendship, locality, or long service, or of old association, which, in the absence of systematic organization or religious control, are a valuable source of influence and means of moral restraint. The history of the trade before this time had been one of endless dispute; of deeply engrained suspicion on the part of the operatives; of want of sympathy and understanding on the side of the

masters. The iron manufacture is of such a nature that the various employments are closely interconnected. One set of men are so dependent on the work done by those of a different craft, that the strike of any branch of the manufacture necessarily affects other branches, and must seriously impede or stop the operations that are going on. Such were the discordant elements that were brought together. No wonder, then, that strikes were of frequent occurrence. In 1866 the works were stopped for four months. The men had refused to submit to a reduction of wages, but were in the end forced to accept the masters' terms. From that time to the end of 1868 "repeated reductions in the wages of the men became necessary, and gave rise to feelings of resentment which rendered it more than probable that any increase in the demand for iron would be the signal for peremptory demands on the part of the workmen, tending to a renewal of the confusion of previous years, and to the destruction of the prosperity which all might otherwise hope to share."<sup>1</sup>

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<sup>1</sup> Paper read by Mr. Samuelson, M.P., at the Iron Trade Association, February, 1876.

Early in 1869, when there was some improvement and the prospect became a little brighter, the operatives made a demand for an advance of wages ; and then it was, that the idea occurred to some of those concerned of bringing about a conference between the representatives of the employers and of the employed, not only with the view of settling the wages dispute, but of establishing a permanent board like those in the Nottingham trades.

Several men went to Nottingham to obtain all the information that was to be had. On the 1st March, 1869, at Darlington, after a preliminary meeting of the men, the first conference was held, and only adjourned that a committee might draw up a scheme for a permanent board, which was adopted the following week after a very careful discussion of the rules ; and the board came into existence at once, began its work, and has flourished ever since.

At the beginning of this year the board represented thirty-five iron-works, and more than 13,000 operatives subscribed to the board. Besides these, large numbers of men are always connected with

iron-works, who do not subscribe, but are nevertheless dependent upon its arrangements for employment, and who would be thrown out of work if a strike were to occur. The works represented by the board contain no less than 1,913 puddling furnaces, out of 2,136, the number in the whole district. The board has a representative constitution, each "works" sending two representatives, an employer and an operative; the latter being chosen by ballot for one year, but eligible for re-election. A president, vice-president, and two secretaries are chosen by the board for a year. They are not entitled to vote; but the "works" for which either was elected is entitled to nominate another representative in his stead. If the employer-representative of any works happens to be absent, the corresponding operative-representative is not allowed to vote. A standing committee, consisting of five employers and five operatives, the president and vice-president, is appointed by the board, and is exactly analogous to the "committee of inquiry" in the lace and hosiery trades. Its functions are well defined

by Rule 11:—"All questions shall in the first instance be referred to the standing committee, who shall investigate and endeavour to settle the matters so referred to it, but shall have no power to make an award unless by the consent of the parties." Failing settlement by the committee, it is at once referred to the board. In 1875 this committee settled more than forty disputes. Its decisions, or to speak correctly, its recommendations, are generally accepted; appeal to the board is exceptional. If the board fails to agree, it appoints an independent referee to settle the dispute. There is no standing referee as in the lace trade. Lately, however, disputed questions have been referred to two arbitrators, one chosen by the employers and the other by the men, an umpire being named, whose decision is final. But in the event of the arbitrators being unable to agree, each of them has to state his view to the umpire; which involves another hearing, further delay, and increased expense. There seems to be no advantage in such a prolonged system of arbitration. That plan would be the best, by which

the dispute was settled by one arbitration, and that as short as possible.

Since the board has been in existence there have been six arbitrations on the general question of wages ; three before Mr. Thomas Hughes, two before Mr. Kettle, and one recently before two arbitrators, Mr. Williams and Mr. Mundella, who agreed without reference to the umpire fixed upon. That this board has proved a success is admitted on all hands. In the printed case laid by the employers before the recent arbitrators, they say :—  
“The board has been in operation since 1869, and during the whole of the intervening period the general district wages regulations have been settled without resort to strikes or lock-outs, and the employers most readily accord their opinion, that with a few local exceptions, which do not affect the general principle, the operatives as a body have been loyal to the rules laid down by the board.”

When the board first came together in 1869, the first decision raised the wages of iron-workers from 8s. to 8s. 6d. per ton. Next year they rose to



9s. 6d. and this continued throughout the following year, 1871. In February 1872, there was an advance made of 1s. per ton, and in May another advance took place of an additional 2s. So that the wages of puddlers were 12s. 6d. per ton. In February, 1873, they got 9d. more, making 13s. 3d. Of course the men were not likely to object to this. Nor was there any reason why the employers should complain, so long as they had faith in the men's abiding by unfavourable awards. For it appears to be the fact, that the wages thus paid to the iron-workers did not rise in a ratio proportional to the advance in the profits. But the turn in the tide came at last. The fall was as rapid as the rise. In eighteen months the wages sank  $42\frac{1}{2}$  per cent. This was effected partly by agreement, partly by award: and the men loyally stood to the awards, though they involved such enormous reductions. So matters remained until the recent arbitration, when the employers asked for a further reduction to 7s. 6d. a ton: lower wages than had been paid in the North of England since 1863. The reduction awarded by the arbitrators without

reference to the umpire was evidently a compromise, and amounted to 8s. 2d. The whole proceedings were characterized by admirable patience and forbearance on both sides. The momentous issue was fairly and calmly discussed. The men were no doubt bitterly disappointed, but resolved to stick to the decision of the arbitrators.

In some of the outlying districts, the men at first resented the decision and refused to work. But their leaders, who were members of the board, especially the late Mr. John Kane, insisted on the importance of their keeping faith, and urged them by their action to uphold the character of the English workmen. In two or three days all the men were at work quietly at a reduction of 50 per cent. on the prices of 1873.

When we consider the state of things existing in these districts from 1860 to the formation of the board in 1869; that such a crisis has been peacefully and quietly passed through, it is not surprising to find the employers desirous of testifying to the benefits accruing from the system.

On the 24th February in the present year, the

first meeting of a new Association of the British Iron Trade met together at the Westminster Palace Hotel, and after a valuable address from the president, Mr. G. T. Clark, the first subject brought forward was that of arbitration. Mr. Samuelson, M.P., read a paper upon the success of the Board of Arbitration and Conciliation in the North of England manufactured iron trade, advocating the establishment of similar boards in the trade. He said that, "Arbitration in a more or less organized form is now accepted in the manufactured iron trade of South Staffordshire, South Wales, and Scotland; in the ironstone mines of Cleveland, and in all the principal coal-mining districts of England and Wales;" and moreover, he expressed his conviction that the North of England Board would be able to deal with "questions like those which would arise under such a great revolution as appears not unlikely to occur in the processes of manufacture, by the introduction of mechanical puddling, or its entire supersession." In the discussion which followed, other employers bore witness to the value of the board, to the character of

the men and their leaders. Having been present, as a stranger, I can testify to the frankness and generosity with which these employers spoke of their men, and acknowledged the moral benefits to themselves which had resulted from the contact and intercourse between masters and men of which the board was the direct instrument. The debate was well concluded by a few words from the president, expressing his opinion that the discussion had had its effect; and candidly admitting that his own views had been modified, and that sooner or later the subject must be resumed. The resolution moved by Mr. Samuelson was not pressed, but the discussion was adjourned, *sine die*: there was no object in carrying a resolution against a minority; for a system like this rests on the voluntary assent and convictions of all those engaged. It may however be said, that no more important meeting has taken place for many years in this country. Its whole conduct and tenour were well worthy of the greatness and importance of the trade and the power of the ironmasters. They have set an example which other associations of employers will

do well to follow. It would have been well if the "Federation of Employers," who met on the following day at the same place, could have followed in the same path, at once so beneficial to capital and labour and to the general interests of the civilized world.

The course of the board that has been established in the South Staffordshire Iron Trade has not run so smoothly. Here we have a failure to record, but one that does not appear to have had a discouraging effect. It was formed upon the basis of the two organizations in the district, the South Staffordshire Ironmasters' Association and the local branch of the Ironworkers' Union. The board only represented these associations. There was no attempt to include those who were outsiders and not unionists. The programme for the formation of a new board declares that "the reconstruction of the old Conciliation Board on its former basis will never be attempted again, as it is quite powerless to bind those men *who were not in the Ironworkers' Union*, even though the master himself was bound." At the discussion by the Iron Trade Association

most hopeful views were expressed as to the future of the new South Staffordshire Board, which has since then been established.

The constitution of this board is not the same as that of the North of England Board. It consists simply of twelve masters and twelve operatives, but every works joining the board shall, if possible, have a representative of the employers and a representative of the operatives. The board elects a president, not connected with the iron trade, whose duty it is to attend at meetings when questions are brought before the board to be settled, but to take no part in the discussion, beyond asking explanations sufficient to guide his judgment. He has not to give an award, like an arbitrator or an umpire, but, in the event of an equal vote, he would have to decide then and there by his casting vote. This would seem to be an inexpensive and practical way of settling questions rapidly; on the one hand, avoiding the delay and expense of protracted proceedings; on the other hand, providing against dissatisfaction on the part of workmen or masters, if a large question as to

prices were decided by either a workman or master. It seems almost superfluous to say, that in the working of these boards every effort ought to be made by both sides to come to a decision, and not to let the fixing of large questions depend on the casting vote of the president. This has, I believe, been done in the Nottingham hosiery trade. Much must depend on the moral attitude and feeling of the actual members of the board. The Nottingham boards have shown that the secret of successful conciliation is the firm determination to agree, and not to differ. The South Staffordshire Board has begun well by accepting the result of an arbitration. Besides the president there is a chairman and vice-chairman, who are elected by the board from themselves, but whose functions are not clearly defined by the rules. Instead of a committee of inquiry, the rules, which are not very precise, say that "In case of any difference arising at any works, it is intended that it shall be settled by the works representatives; but in case of their failing, it is open to them to refer it to the chairman, vice-chairman, and the two secretaries, who may call the board together if they see fit."

Various questions underlying the practical carrying out of these arbitration and conciliation boards are suggested by what has occurred in the iron trade, but they will be more conveniently discussed in the following chapter on the coal trade.

The success of the board in the North of England iron trade, under the circumstances and trials I have described, is in truth sufficient to enable us to say the system is adapted to all industries in which the employments are not too varied, and which are grouped into large local aggregates, as distinguished from those trades which are scattered all over the kingdom. Of this kind of industry there could be no more typical experiment, no more remarkable success, than that of a great trade evolving a peaceful system like this, under the most trying vicissitudes that could well be imagined.





## CHAPTER V.

### THE COAL TRADE.



ARBITRATION in the coal trade is an accomplished fact, as far as England and Wales are concerned. Everywhere disputes are being settled by arbitration. As yet, however (with perhaps one exception), no permanent board, either for arbitration or conciliation, has been adopted. When a dispute arises, arbitrators are chosen on each side and an independent man is fixed upon as umpire. The investigation takes place in one form or another, and the masters and men abide by the result. In the Northumberland coal trade, although there is no permanent arbitration board, the masters and

men have for some years met together and discussed all large questions, affecting the whole district, in a friendly way. The masters had their association, the men belonged to two large trades unions. Since March, 1873, a joint committee, composed of six employers and six operatives, has met, and discussed and settled all questions "of mere local importance, affecting individual pits." But the committee has no authority to deal with the larger question of wages; nor is there any board which has such authority. The arbitrating tribunal is created for the occasion. For example, on March 1st, 1875, an arbitration took place between the employers and employed in the North-umberland coal trade, before four arbitrators—two chosen by the employers and two by the men—presided over by the umpire, Mr. Rupert Kettle, who defines the constitution of the court very clearly:—"We are one body of five; and if, by-and-by, it should be found that you are two and two, and, therefore, cannot arrive at a conclusion, the decision will be with me; but until that time arrives you are the judges, and I am only assisting

you." The colliery owners begin the statement of their case with the following remarkable testimony as to the relations between employers and employed, and as to the condition of the colliers, which those would do well to attend to who are ready hastily and lightly to repeat the unjust exaggerations so current about the excesses of colliers. They say :

" It is satisfactory to us that gentlemen who have so interested themselves in the welfare of the working classes are to arbitrate upon this important subject, and it is with pleasure that we proceed to draw your attention to one of the most active mining districts in the kingdom, where for many years the masters and the men have been on the most friendly terms. You on your part, we feel sure, will gladly recognize that you are not called in to stand between an oppressed body of labourers and their employers, but that, on the contrary, you will find that the miners of this district form, both physically and morally, a most advanced type of mankind, from which some of our most talented and clever inventors and senators<sup>1</sup> have been drawn, and from which, with great skill and judgment, some of the ablest advocates have been selected that ever represented any body of men ;

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<sup>1</sup> Mr. T. Burt, M.P., was the Secretary of the North-umberland Miners' Association, and has uniformly advocated the establishment of boards of arbitration and conciliation.

and the owners so far appreciate their intelligence that they meet their representatives at all times, and frankly and cordially discuss with them all matters in dispute.

“The result has been, that the pits have been kept continuously going, and both masters and men have severally reaped the greatest possible advantage that could be obtained from the exceptionally good state of the trade during the last few years. This intelligence on the side of the miners has shown itself often and again in the ready way all questions of percentage, and others requiring a high mental training, have been taken up by them in the various discussions that have taken place, and leads us to hope that they will follow and comprehend the very important statement that we shall have to lay before you—a statement full of instruction, which we trust will draw the attention of the miners to most important truths, and cause them to loyally accept the decision which we feel sure will be the result of this arbitration.”

In the Durham coal trade we find a similar state of things prevailing. The district is described as one in which “reason and calm discussion have pre-eminently taken the place of force.” I have already in the second chapter pointed out the danger of these arbitrations creating a system of refined advocacy, and this danger is greater in the coal trade than in any other industry. No doubt they have a most beneficial effect : but they are

very long investigations, most intricate and difficult to follow, and generally, they are by no means calculated to bring conviction to the minds of the operatives. This must be a danger to the system; unless the operatives can understand the grounds of the decisions they will sooner or later doubt their justice. Too great frequency is another evil. For example, in the Durham coal trade, an award was made in November, 1874, after prolonged investigations, by Mr. Russell Gurney, which seemed to give satisfaction to both sides. Yet we find another great arbitration beginning in April, 1875, and the men giving utterance to the following complaint: "We had certainly thought that an award based on such exhaustive evidence, and given by such an unquestionable authority, would have been allowed to settle the wages question in the county of Durham for a much longer period than the mine-owners have allowed to elapse before requesting a further reduction in our wages." Of course the answer is, that the fault lies in the fluctuations, which are beyond the employers' control. But that only

serves to show the weakness of a system which cannot modify or regulate the effects of such fluctuations, and points to the want of a permanent board of conciliation, which, as in the iron trade, has a better chance of securing a peaceful acceptance of hard terms. The uncertainties of trade and the fluctuations seem to be as great in the coal trade as in the iron trade. Doubtless the changing price of coal is one of the causes of fluctuation in the iron trade. But on the other hand, the Report of the Coal Committee, 1873, states: "It is clearly shown that the real order of events has been the rise in the price of iron, the rise in the price of coal, and the rise in the rate of wages." No wonder that men like Mr. Halliday should look upon such rapid fluctuations up and down as the great difficulty against which masters and men ought to contend. The late Mr. J. Normansell, one of the best leaders the workmen have had, while willing to accept arbitration as a lesser evil than that of striking, emphatically said that he looked forward to some plan of "reference" or conciliation putting an end to the arbitra-

tions. Great, however, as the fluctuations and difficulties have been, these arbitrations in Northumberland and Durham have been successful, and have been loyally adhered to by employers and employed.

There have, however, been arbitrations in the coal trade all over the country, and the result must be admitted to be very satisfactory. Sometimes there have been instances of employers, and sometimes of men, refusing arbitration. These are becoming more rare. A very wholesome feeling exists, which is generally though not always right, that the side refusing arbitration is necessarily in the wrong. The refusal to submit to arbitration is regarded as equivalent to a weak case. Both in the coal and iron trades, when arbitration has taken place, masters and men as a rule abide by the result. There have been a certain number of cases in which employers or men have repudiated the decision : but these have been exceptional ; sometimes there is a discontented minority, which, after grumbling, accepts the result. Mr. Kettle says that he always expects a

little sulking when the award is unpleasant. For my own part, after making all the inquiries I can, I do not hesitate to say, that these instances are few and unimportant ; and that men like Mr. Henry Robertson, M.P., and others, are fully justified in the favourable opinion they have publicly expressed as to the practical success of the system in the coal trade.

In one instance where the men refused to abide by the award, which certainly did them a great injury, the employers voluntarily accepted a less reduction than had been awarded by the umpire. At another colliery, in South Wales, the men complained of the neglect of their own arbitrator, and refused to accept his award. On the other hand, there have been successful arbitrations in Ashton-under-Lyne, Oldham, North Staffordshire, Cleveland, and the North of England.

In South Staffordshire, after the strike of 1874, a sliding scale was agreed to by a joint committee of employers and employed. At Radstock there have been two awards : one by Mr. Kettle, the other by Mr. Hughes. So with awards at Bristol and



in Cumberland. In the South Wales steam-coal collieries the men remained loyal to a most unfavourable award. I have already spoken of the Durham and Northumberland districts.

In North Wales Mr. Horatio Lloyd, the county court judge, testifies to the earnest desire and efforts on the part of the leaders of the men to get them to be true to the awards. This after all is the main feature. The first condition of arbitration is, that the leaders of the workmen should be true, and according to the uncontradicted testimony of many arbitrators and employers they have been true on all occasions. No single instance of any trade union leader urging the men to break faith has come to my knowledge; but whenever there was a danger of the men repudiating the decision their leaders have promptly and firmly protested. These rough uneducated Welsh colliers must not be judged too harshly, if at times they fail to see their true interest and break from the awards. They will soon learn the right lesson, both of interest and a higher morality, which their leaders are earnestly striving to impress

upon them. Mr. Lloyd informed me that on one occasion, when the men were inclined to reject the decision, the leaders held a mass meeting and told the men that they and the whole body of workmen were bound in honour to abide by the result, and that they, the leaders, would have nothing more to do with the miners if they failed them then and were false to their word.

The chief obstacle to a better and more permanent system of arbitration and conciliation consists in the want of more highly organized and more permanent associations, both of the miners and of the mine-owners. Where this is the case, as in Northumberland and Durham, arbitration is most successful. Mr. Halliday says, "the greatest difficulty prevails where there are most non-union men, as there is nothing to bind them to an agreement;" and "I do not know one case of the men deviating from an award when the unions have entered into arbitration for the men." In some coal districts the mine-owners appear hardly to have adopted that attitude towards their men which is necessary to ensure success. But Mr. Halliday gives

the following testimony in reference to the South Wales Board: "We have had very comfortable meetings. The employers' representatives treated the miners' representatives, including myself, with the greatest courtesy and respect."

This account of the arbitrations in the coal trade does not pretend to be complete; but it is sufficient to show the area and numbers of men who have been brought under the influence of this idea. Those who are at all acquainted with the rough and violent character of some parts of our mining population, who see the difficulties and dangers arising out of the aggregating large masses of uneducated men together, engaged in employment ever subject to the greatest fluctuations, will know how to appreciate the moral teaching implied by the spread of such a system as that of arbitration. Great credit is due to the leaders of the miners, who have certainly in recent times kept their followers well in hand. The behaviour of the miners in the South Wales strike was truly admirable, but the happy result ought not to blind any one to the fact that the occasion was a period of

danger and anxiety. Everything passed off peaceably and smoothly; and yet, it can hardly be doubted that there was ground for apprehension, and that a small spark might have lit up a fearful flame. We cannot but remember the riots that have taken place in the past. At Mold in North Wales, during the summer of 1869, the most formidable riot occurred that has been seen in England and Wales for the last twenty-five years. A preconcerted attack was made by an organized mob of miners upon a large force of military and police, with the intention of rescuing one of their fellows from the custody of the officers of the law. Two men had been tried by the magistrates for assaults arising out of a trade dispute, and the men had been leniently treated and sentenced to a small term of imprisonment. There took place what can only be described as a fearful battle. The soldiers behaved with unexampled patience and self-restraint. They were not ordered to fire until there was a real danger of destruction. As it was, no less than 50 per cent. were *hors de combat*, requiring surgical assistance. The soldiers got

back to Chester with uniforms torn, rifles broken, each of them a mass of blood and bruises. The law was fully and sternly vindicated at the assizes by a sentence of ten years' penal servitude. The men were not then in union. Since then they have come under the leadership of wiser men, unionism is becoming firmly established, and we see the idea of arbitration making way among them. What if there are a few backslidings and breaches of faith under trying circumstances? Very likely there will be; but such events will not be exaggerated by the employers, who know well enough that such a progress cannot be wrought in an hour, and that it really is more rapid than any of us could have anticipated at the time of the Mold Riot in 1869. The result is very striking: a bright outlet to a dark and difficult problem.

The truths of political economy serve us as lights to indicate our way, and prevent our deviating into wrong paths, but do not admit of precise application to settle disputes as to wages or prices. Economical laws represent certain abstract tendencies, but do not give us equations

or ratios, from which we can deduce the required solution. All attempts in this direction are vain and fruitless. Consequently, it becomes necessary, and is the essential condition of a successful arbitration, that the disputants should agree upon some fact, some proportion, or some principle, by which the settlement may be effected. This is not in any way a conclusion from political economy, though knowledge of the economical truths is a valuable safeguard; but it is a purely arbitrary and empirical arrangement. The printed reports of the coal trade arbitrations are exceedingly interesting for the clever way in which the questions of profits, prices, and wages are discussed, but at the same time they offer the most convincing proof of how impossible it is to use political economy for the purposes of judicial investigation. The practical question always is, "How are the wages to be computed? are they to depend on the profits?" The employers say, "Certainly not; wages do not depend on profits. To attempt to carry out such a scheme would be to make labour participate in the profits without

bearing the risks and the losses incidental to the use of capital. Besides, how could the wages of a district be regulated proportionally to profits? Profits vary in the same trade according to the circumstances and conditions of each separate manufactory. They depend upon whether the management is economical and efficient, the locality and situation good or bad, and numerous other conditions. Moreover, equal capitals do not in fact give equal profits. Probably no two factories or shops would give the same result." Then, with reference to prices, employers and employed practically adopt this attitude. To a certain extent much that has been said with regard to profits applies to prices. Wages have nothing to do with prices; circumstances may render prices high and wages low, at the same time there is a sort of recognized feeling that the price of a manufactured article may be used as a rough, unskilful, but practical, mode of settling the question.

The truth is, that these arbitrations will not be satisfactory unless they are based on all the facts, relative to prices, profits, and the demand

and supply of labour, and are determined by some arbitrary but fixed rule, which alone can prevent the arbitration from being a mere compromise. Generally this is a ratio agreed upon between prices and wages. A certain date is fixed upon, at which time the wages were considered to be satisfactory to the men and the profits to the master. This becomes the practical ideal, a just and desirable condition of trade; and the arbitrator's aim, when acquainted with all the facts, is to approximate to this ratio, as far as he can do so without injury or injustice. I do not believe that there is any other rational theory of these arbitrations.

It is said to be a great obstacle in the way of successful arbitration that the coal-owners are very unwilling to bring their books into court. The argument used to compel them to produce their books is, that if the settlement is to be on the price basis the average selling price of the district can only be obtained by examining the books of all the firms in the association. Such an argument savours of the legal arbitrator. I



could understand such an argument with reference to the average profits in the district. But can it be seriously maintained that the production of the books is necessary, for discovering the prices? Is not the selling price of coal at any time easily ascertainable, as it is of almost any other goods? However there seems to be a great difference of opinion on the question. I am told that in the Northumberland Coal Trade the nominal market price is fictitious, and that it represents only a local market, whereas the real market is a very wide one, coal being sent to the Baltic and other distant places. It seems strange that coal bought at a colliery for different places should have different prices; and that no two collieries obtain exactly the same price for coal, as is asserted by those who say that prices can only be determined by reference to the books of the coal owners.

Assuming, therefore, the books to be necessary, the course obviously is for one accountant to go through them and publish the result. This has sometimes been done. Sometimes there has been point-blank refusal by the coal owners. At other times the umpire has been allowed

to see the books and not the arbitrators, or ingenious methods have been resorted to by which the figures could be used, but the identity of the firms concealed. I am not aware that there has been any such difficulty experienced in any other trade. The fact is, that though the men see that wages cannot depend upon profits, they know that very often the facts as to the profits in a district at a given time are very important facts for the purposes of the investigation, especially to test or disprove the employer's statements. Hence the effort to get at the books; and in such a case it may well be that the truth would be very material, and it very often happens that a just and satisfactory arbitration would be impossible without the facts which the books alone could furnish. This is especially the case where the employers ask for a reduction of wages, and allege that they are making little or no profit. Nevertheless I cannot but think that legal arbitrators are apt to exaggerate the importance and underrate the inconvenience of the production of books. No doubt the more publicity that can be given the better; but then it must be a

publicity which will not be taken advantage of in the present state of the mercantile world. The remedy seems to me to lie in the trust engendered by a board of conciliation. If the board rigidly determined exactly what information was required, one or two of the members might well be trusted to get the requisite information for the board. These difficulties would seem to belong to the arbitration system. They would be lessened, if not removed, by a board of conciliation.

In the interests of peace it might perhaps be desirable if in each of the various trades throughout the country a ratio between prices and wages could be fixed upon, or any other arbitrary principle, which should be the lasting basis of all arbitrations and of all payments of wages. This is what I understand by the "sliding-scale," which many people still believe to be practical. Many of the colliers and the iron-workers, and some of the colliery owners, believe the plan to be feasible. Mr. Herschell, in his award this year upon the Northumberland coal trade arbitration, expresses a strong opinion that a sliding-scale might now

be successfully adopted in the coal trade; and that if such a scale could be arranged it would obviously greatly lessen the frequency of arbitrations, as the adjustment of wages could be easily calculated, and disputes would tend to be limited to unusual or exceptional circumstances.

In the iron trade, however, Mr. Samuelson informs us in his paper that several references had to be made to the umpire, Mr. Rupert Kettle, in regard to special adjustments of wages at different works; and that "the general references were rendered necessary by the failure to discover a self-regulating scale of wages varying with the price of iron, which should stand the test of a lengthened period. Two such scales were adopted and tried since 1872, and both have been abandoned." Nevertheless the iron-workers are not satisfied that the attempt should be abandoned, and wish to make another trial of the sliding-scale. It is greatly to be regretted that a man like Mr. Herschell, who expresses such confident opinions on so difficult a subject, should not take the trouble to show us how he arrives at such an

inference. I must say that it is a rash thing for a legal arbitrator to do, without publishing the exact reasoning on which he bases so important a judgment. If he is wrong in principle, as I believe him to be, he is urging the men into a wrong path, which must do more harm than good.

With regard to the iron trade, how can there be a scale, that is, a fixed ratio between wages and prices, when an increase in the price of coal or ironstone may raise the cost of production against the manufacturer without increasing the price of the manufactured article in a corresponding degree? In the textile trades it constantly happens that the lower the price of the raw material the lower the cost of production and the price of the manufactured article, and yet for that very reason the sale is greater, and as a consequence wages are increased. It comes to this: Does the cost of production in the coal trade depend so exclusively on the wages paid for labour that the other constituents may practically be disregarded? I do not believe it; and if not, how can there be a fixed ratio?

The fact is, that the cost of getting coal does not depend exclusively on the wages of labour; and the other things that go to make up the cost to the coal owner are so considerable and vary so much as to make all the difference between a colliery paying or not paying. A fixed ratio of wages to prices might therefore be very unjust to an employer; or if prices fell very low it might be very hard that the whole loss should be made up out of the men's wages.

Some of the men's representatives, who do not seem to have great faith in the principle, are nevertheless in favour of the establishment of a sliding-scale, on the ground that it is a settlement for a long time. So anxious are the leaders to avoid strikes that they prefer any settlement to none. If this is their real want, I would recommend a fair trial of a permanent board of conciliation, which promises better results, and has a much surer foundation than the sliding-scale. I cannot hear of any sliding-scale which has lasted for a long time, that is, for a sufficiently long time to be regarded as a permanent success of the invention.



Workmen must, however, see that a sliding-scale does not mean either fixed wages or diminished fluctuations. I suspect they do thoroughly understand this; and therefore we find another notion, closely connected with this sliding-scale; another notion, that gives rise to most difficult questions. Some of the operatives are of opinion that the board should fix a minimum wage, below which wages shall not go: limiting, in fact, the powers of the board. It must be admitted that those representatives of the men, who have entertained this view, have expressed themselves very vaguely and not given the idea the precision, without which adequate treatment of the question is impossible. They seem to say that if a sliding-scale is fixed upon there should be a limit placed at the lower end of the scale, so that a workman's wages should never sink to what they consider to be the starvation point. If such a plan were possible, it would only be by a limitation of the other,—of the upper end of the scale as well as of the lower. If the men were to renounce wages rising above a certain figure, then everything above that, going into the

pocket of the employer, instead of being increased wages, might be regarded as and would be additional profits of the employer and would enable him, as it were, to guarantee the workman his salary. A very small approach is thus made to the simpler plan of a fixed salary instead of fluctuating wages. The employer would pay wages by a scale lopped at both ends; wages would never rise very high or fall very low. The extreme fluctuations would seem to be avoided. In no other way can such a proposition be tenable. But then, it must not be forgotten that the employer would be obliged to close his works, not only much sooner, but when they need never be closed at all. In very bad times he would have no choice. He must necessarily close his works when he might otherwise keep them open and give some employment; as was, for example, done by the employers during the cotton famine, at the time of the American War. In fact, the plan involves the acceptance of the proposition that the half loaf is *not* better than no bread; and yet I believe there are operatives who accept this proposition.



These great arbitrations have forced the idea upon the employers and the employed, of settlement upon the basis of justice, after a fair examination of all the facts. Unquestionably these great arbitrations have done a very important work in getting at the facts and obtaining a great deal of information which could not otherwise have been got at. On some subjects the men's eyes have been opened, and the result has been that both employers and employed stand on a different footing towards each other. This has been a necessary work, and probably will have had as valuable an effect on the coal-owners as it has on the men.

I have professedly been painting the bright side of the picture. The dark side of the coal trade needs no description. Such events as those recently witnessed in the South Yorkshire and North Derbyshire coal trade are very disappointing. The Employers' Association having given notice of a 15 per cent. reduction, a deputation from the miners waited upon them, and made an offer to accept  $7\frac{1}{2}$  per cent. reduction, and that the other  $7\frac{1}{2}$

should be the subject of arbitration. "Not only," says the "Sheffield Independent," "would they concede nothing of the 15 per cent. but they repelled a suggestion for arbitration with something in their manner almost brusque." We had hoped for better things, and had reason for our hope, as Mr. C. Markham occupied the chair on this occasion.<sup>1</sup> Disappointments must recur again and again. It would indeed be foolish to expect strikes or the causes of strikes to cease at once or in any other way than by slow degrees. The principal fact after all is, the gradual introduction into this great trade and among the colliers in so many different parts of the country of the idea of justice, and the strong wish to settle disputes without recourse being had to strikes on the one side or lock-outs on the other.

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<sup>1</sup> Since this was written the dispute terminated by the employers offering to accept 10 per cent. reduction, and to refer the remaining 5 per cent. to arbitration, or to accept 12½ per cent. reduction as a settlement. This latter offer was accepted by the men. Efforts have also been made to establish a board of conciliation.



## CHAPTER VI.

### ARBITRATION IN OTHER INDUSTRIES.



THE English working classes have given the most favourable reception to the proposals for courts and boards of arbitration or conciliation. Wherever representatives of the working classes have met together, and the subject of arbitration has been brought forward, favourable resolutions have been passed with remarkable unanimity and enthusiasm. On no other subject has there been so hearty a response. Mr. George Odger, to the great value of whose life and influence upon the industrial progress I am glad to bear witness, introduced the subject of arbitration to a large representative meeting that was held at Sheffield in the year

1866. He said that "With the principles of strikes he had no sympathy, but he looked upon them as a sad necessity—as a two-edged instrument, which was dangerous to use, and which ought to be avoided. Strikes were to the social world what wars were to the political world. They became crimes, unless they were prompted by absolute necessity." This view has steadily been growing among the workmen, who have been taught to look to peaceable and just settlements of the labour questions. None know better than the advocates of arbitration and conciliation, that the success of their efforts is due to the teaching and guidance of men like Mr. Odger, who have preached and prepared the way for peace.

We have come to the conclusion that permanent boards, either of arbitration or conciliation, are not possible unless the operatives are united together in some form of permanently established organization, without which there is no guarantee that the men will abide by the decisions of the board ; and that the system has the best chance of success when the employers are also associated

together. In examining the conditions of some other industries, we are naturally led to the consideration of those trades in which there are highly organized associations of employers and employed, and yet no board established,—where there has been arbitration but only in an exceptional and unsystematic way.

In the preceding chapters the reader may have noticed that the industries treated of have been local in character. There are, in fact, two great divisions of human industry. One, the more general, which consists principally of the manufacture of the instruments, machinery, and buildings used in other industries, and where the operatives are necessarily scattered over the country, and not collected into groups. In the other, each trade tends to group itself in certain localities, and, therefore, includes mining operations, as well as the more special and complicated industries, as the textile manufactures, shoemaking, pottery, cutlery, etc. Where the operatives are locally united, the board forms an institution in their midst, working under their eyes, influencing them

in their opinions and actions, itself subject to their criticism and judgment. This is not so with the more general trades, whose work consists in the manufacture of the tools and plant used in the special trades. Steam-engines and engineers are wanted in all trades everywhere. Carpenters, bricklayers, painters, masons, plasterers, moulders, etc., do not admit of local aggregation : they are scattered all over the kingdom. Can the conciliation principle apply to such trades? Is a board practicable among them? The difficulty is more clearly seen when we come to consider how the principle could be applied to large engineering manufacture, or to steel works, like those at Sheffield. It cannot be supposed that a local Sheffield board for steel manufacture could possibly settle wages for a trade union like that of the iron moulders, extending all over England and Wales, and even to Ireland.

### *The Iron Moulders.*

Besides this, the very strength and success of some unions constitute a difficulty of itself. The

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Iron Moulders' Union is a typical case. Their union is extremely strong, stable, and highly organized. For many years their respected leader, Mr. Daniel Guile, has guided them with prudence, energy, and wisdom. The society has been in existence for sixty-six years, and steadily increases. The relations between employers and employed are, on the whole, satisfactory. Strikes occur but seldom. They feel themselves so strong and so united that they do not, as a rule, adopt the system of picketing. If any employer insists upon a mode of work they do not like, they simply leave his employment and find work elsewhere. There is no strike in the sense of an active struggle to prevent other workmen from going in. Their wages do not fluctuate. They fix a minimum, below which they decline to work ; but they neither attempt nor have any wish to fix a maximum. If wages were to be reduced below 38s. per week a moulder would simply give the usual notice and leave. Wages have hardly altered at all. The present minimum in London is 38s. ; in 1848 it was 36s. ; "therefore," say the iron moulders, "what is there for us to

arbitrate about?" There are employers, sometimes new men, who try to undersell the old-established firms by reducing wages below this minimum. There is no dispute. The iron moulders say, "Employ whom you will; our terms are 38s.; take them or not, just as you like."<sup>1</sup> As far as I can see, there is no reason to suppose that this state of things will not be maintained.

But though arbitration is not wanted in respect of wages, there are difficulties of a different kind, which a board of conciliation could remove by bringing employers and men more and more into contact. The iron moulders assert that in old times, when their union was in its earlier days, the employer was not so far removed from the men in his employ as is now the case. His life, his

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<sup>1</sup> This is a perfect example of labour being sold with reservation of price. "Thus, owing to two causes—one, labour's inability to keep, the other, the habitual poverty of labourers—labour is almost always sold without reservation of price."—*Thornton on Labour*, p. 75.

"Unless goods be offered for sale unreservedly, the staunchest believer in the law of supply and demand will not pretend that it can possibly apply."—*Ibid.* p. 56.



position, his habits and surroundings, made him, if not one of them, at least nearer and more closely related to them. Now everything tends to a wider separation; wealth and luxury, different habits, aspirations, ideas, and feelings. The consequence is, that the workmen see and know much less of their master than formerly. The middle man comes between, and occupies a position of increasing importance. The iron moulders might easily be brought to accept any practicable scheme that would remove or modify evils of which they complain that spring from this source, and which would bring about a greater sympathy and improved relations between them and their employers.

### *The Engineers.*

In the engineering trade the difficulties in the way of a board seem at first sight insurmountable. The Society of Amalgamated Engineers, which is one of the most highly organized and strongest trade unions in the country, is not averse to arbitration. They have on different occasions accepted it. The great nine hours' strike at New-

castle was in reality put an end to by an offer of arbitration on the part of the men. Probably they would agree to arbitration in any dispute which they thought would admit of that mode of settlement. But this is very different from the adoption of a permanent board, for which it seems that they are hardly prepared. However, this may be partly due to the fact that no practicable scheme has been put before them. It is extremely probable, looking to the high character and ability which their leaders have always shown, that an offer of any really practical scheme coming from the employers would receive the fairest and most careful attention at the hands of the union.

At present, both the representatives of the men and the master engineers have not been able to surmount the difficulties described at the beginning of this chapter. One of the best known and most important employers in the North of England has written, "We employ fitters, smiths, boiler makers, pattern makers, moulders in iron, moulders in brass, forge-men, joiners, coppersmiths, tinsmiths, brass finishers, plumbers, and labourers. No court of

arbitration could regulate the wages to be paid to the workers in all these diverse trades unless the jurisdiction of the court embraced, not only engineering employers, but all other persons employing similar trades. It would be difficult enough to get the general assent of engineering employers to any scheme of arbitration, but I consider it would be altogether impracticable to bring in all other employers of similar labour."

On the other hand, I quote the following opinion of Mr. John Burnett, the general secretary of the Society of Amalgamated Engineers, in his history of the nine hours' strike at Newcastle:—"It has likewise been thought and said that another lesson which the strike should teach is, that it is almost absolutely necessary to establish courts of arbitration in all great centres of industry. As far as the engineering trade is concerned, the establishment of such courts would be hedged about with difficulties on account of the many different branches employed and the many different rates of wages paid. There can be no doubt, however, that if Mr. Mundella, Mr. Kettle, or other competent

gentlemen, were to devote a little attention to the matter, a scheme of arbitration might be arranged, so as to apply to the various peculiarities of the engineering trade."

The complex character of such works or manufactures is no doubt a difficulty, but by no means of an insuperable kind.

It must be acknowledged that the foregoing statement by an employer, which raises the difficulty extremely well, is an overstatement. Where a few men, like joiners, are engaged as part of the system, their wages cannot form part of the difficulty. In such a case, the joiners' wages are not regulated by master engineers, but by the master builders. The master engineer is exactly in the same position as any private person who engages half-a-dozen carpenters. He is bound by the wages current in the trade. When this source of error is eliminated, the complexity of the problem will be seen to be greatly diminished. The difficulty would seem to be capable of solution, by a general board established for the whole engineering trade, between the amalgamated engineers on the

one side, and the associated employers on the other. Small unions, such, for example, as the coppersmiths, would gladly unite with the engineers for the purposes of such a board. The Brassworkers' Association recently made strenuous, but I believe unavailing, efforts to settle a dispute by means of arbitration. There is no reason why such an attempt should not be made at once, and it might be limited at first to a certain district, if it were thought wiser to make the experiment on a smaller scale.

### *The Building Trades.*

The building trades are another instance of the general industries necessary to, entering into, and forming part of all other industries. There is no reason why boards should not be established, so as to include the different trades engaged in building operations. No board of arbitration, as far as I can learn, has ever been started in London. If a general national board for the whole of the building trades seems too large an experiment, a board for the trades in London is simple and practical, when

the real difficulties are understood. Such a board must necessarily be constructed upon a developed plan of representation, like that of the Nottingham Lace Board. It should include carpenters, masons, bricklayers, and plasterers, and should work by means of sub-committees drawn from these different trades. It must not be thought that this is a fanciful sketch or paper plan. It has already been successfully adopted on a small scale in numerous localities, and is regarded as practical by many of the men's representatives. A board is urgently needed in London, because the relations between employers and employed are very unsatisfactory. For some years there has been a code of working rules forming the contract between some of the largest employers and their workmen. The other day the operatives sued an employer for breach of contract. They produced the code of rules agreed upon and signed by a certain number of operatives and employers. The defendant was not one of the employers who had signed, and he repudiated the contract altogether. The men lost their case, because they were unable to prove that

he had authorized the employers who did sign, or that the contract in question was binding upon him.

In 1865 Mr. Kettle started a board of arbitration in the building trades at Wolverhampton, which included plasterers, carpenters, and bricklayers. This, I believe, worked successfully till last year. The last decision given by the umpire seems to have been the cause of a very unfortunate difference of opinion and dissatisfaction on the part of some of the workmen. The bricklayers declared that the umpire had altogether mistaken the question on which he was asked to arbitrate,—that he had been called in to decide how much advance was to be conceded by the employers. He awarded nothing at all. The men's grievance was, that the employers had consented to some advance. They rejected the award, and made another claim, which was conceded by the employers. This is the story told by Mr. Coulson, the secretary of the bricklayers, who, of course, blamed the men for not accepting the award, as having acted contrary to their true interests, and done what was morally

wrong. Happily the board is not broken up, but still goes on. The bricklayers have withdrawn, and I believe the plasterers. The board gives complete satisfaction to the carpenters, and it is earnestly to be hoped that those who have left will see they have made a mistake, and come back.

Considering the long success of the board, the upright attitude of the men's leaders, the disappointing character of the decision, it is earnestly to be hoped that the employers will not let this affair prejudice them against the board. At Malvern the employers gave up arbitration after an unfavourable decision by the arbitrators against them. But they did not do as the men at Wolverhampton did. They adhered to the decision, though they came to the unwise determination of having no more arbitration. Doubtless there have been other instances of failure on one side or the other; but these must be exceptional, as arbitration more or less systematic continues to be extensively used in the building trades. Mr. Coulson has endeavoured to push forward the arbitration system wherever he could for the Operative Brick-



layers' Society ; generally the system is very imperfect, being little more than a code of working rules, with or without an arbitration clause. In some districts, however, as Wolverhampton, Worcester, Birmingham, and the Potteries, there have been regular conciliation boards. The Birmingham board includes carpenters, bricklayers, plasterers, and labourers ; six employers and six operatives being chosen to represent each of these trades. Standing committees are formed from each industry with much the same duties as the committees of inquiry in the Nottingham trades. The defect of these boards is, a want of regular meetings. It is most important that these meetings should be regular, and not merely called when the dispute has reached a certain point, opinions have been formed, and feelings excited. By having meetings regular a system and habit of settling difficulties grows up, and becomes a business rather than a party struggle. This Birmingham board seems to have been framed from the Wolverhampton one. There are, however, very considerable difficulties to be overcome, before the system can be fully successful,

either in those places where it has been at work or in London. Probably little difficulty would be found in respect of the carpenters or plasterers. The able leaders of the carpenters have done their best to push forward arbitration as a remedy. The carpenters have kept up the Wolverhampton board, which otherwise would have broken down; and this in spite of a difficulty, which seems to have been one of the causes why the bricklayers and plasterers left. The board insisted on an award for three years; but the men were unwilling to bind themselves for so long a period; and where an award was made for a small increase the carpenters preferred to go on working at the old prices for another twelve months rather than bind themselves for three years to a very small increase. Three years does seem a very long time. At Sheffield, in 1871, the carpenters drew up a code of rules for a board on the Nottingham plan, and sent 100 copies to the principal employers, who took no notice of it. Instead of peaceful settlement by a board, there ensued an eleven months' strike!

There has, however, been among the carpenters

of late a growing feeling of dissatisfaction at what they consider to be the unsatisfactory results of appeals to arbitration. This does not refer to boards of conciliation, the results of which have been eminently satisfactory, but to the failure of the arbitration to satisfy the men. Mr. Prior, the secretary of the Amalgamated Carpenters, in his annual report of this year, attributes this feeling, for which he thinks there is reason, to the neglect on the part of the men to explain their case fully to the umpire. This may be so, but it will always be extremely difficult for a stranger, entirely unacquainted with the industry and with the conditions and life of the workmen, so to grasp all the varied circumstances of the case as to give a satisfactory judgment. Herein lies the weak part of arbitration by a stranger umpire. This difficulty does not occur in the board of conciliation.

### *Bricklayers.*

There are two large societies of bricklayers. The *United Operative Bricklayers*, numbering over 7,000 men, extends all over the country, but has its largest branches in the North of England. They

are opposed to arbitration, having tried it and being dissatisfied with the results; and in some new rules drawn up in 1875, they have removed the word "arbitration" from their conciliation rule. They distinctly avow the wish to settle disputes by conciliation, but this seems hardly consistent with the omission of arbitration in the last resort. I therefore wrote to the secretary to ask him whether his society would be in favour of a permanent board, like that in the Nottingham hosiery trade, the decision, in the event of an equal vote, to be by the casting vote of the president. To this he answered, without, of course, pledging himself to any course of action, that he thought it would, and that he personally would approve of such a plan. Of course the question will be, whether his men would abide by the decisions of such a board.

The other society, the Operative Bricklayers' Society, numbering over 5,000 men, is very favourable to arbitration. Mr. Coulson, their secretary, has done his utmost to establish boards wherever he could. This society is especially powerful in London, having 1913 members in London, where the other union has only seventy-five—a fact of

great importance when we are considering the question of whether a board is practicable for the London building trades. It may safely be said that it would be, as far as bricklayers, plasterers, and carpenters are concerned.

### *Masons.*

Unfortunately the same cannot be said of the masons. Until recently they have not made any attempts to establish boards of arbitration or conciliation.<sup>1</sup> They have, however, a very strong

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<sup>1</sup> It would be unfair not to print the following from the book of rules of the Society of Operative Stone Masons, p. 36 :—" Should the members of any town or locality seek to alter or better their condition as between employers and employed, they must first use their utmost endeavours, by correspondence, interviews, or a conference, consisting of an equal number of employers and employed, who shall, if possible, come to an amicable arrangement ; but only after such means have failed to secure the desired alteration shall they be justified in suspending work." But this rule is altogether insufficient. Supposing no real question of principle involved, such as those belonging to the union, the strike is unjustifiable, unless an offer of arbitration has been made ; that is, a strike involving an attempt to prevent the employers from getting labour elsewhere.

trades union, well organized, and skilfully managed. Their leaders are able and honourable men, exercising a valuable modifying influence over them. The leaders and the executive council are not sufficiently powerful. Here, as is the case with many other unions, the central executive power is too weak. The notion so often entertained of the union action being entirely directed by the paid officers, and of the strikes being caused and kept up by men who profit by the occasion, is not true of the large amalgamated trades unions.

The masons, it must be admitted, have an unenviable reputation for obstinacy. They have a conservative tenacity, which tends to prevent them from changing some practices which cannot stand the test of criticism. Their prosperity has been in fact too great. "We have done well in the old way; we have got what we wanted by force or by strikes; we are thoroughly united and can compel our employers; why should we submit to reason and arbitration that which we are sure of obtaining in the old way?" This is not an exaggerated statement. The masons are commonly

spoken of as self-willed and rough. They are, in fact, difficult to manage. Their leaders are doubtless anxious that this important body of men should follow in the path which reason and morality dictate as best and as right : but they cannot throw away their influence by attempting to force a body like the masons to a course of action for which they are not prepared, intellectually or morally. The leaders of the union will doubtless prevent the union as a body from taking any unjust course, but they are not always able to prevent spontaneous action on the part of the men in different localities. They can only hope to exercise a modifying influence.

The other day some masons struck work. Their employer proposed arbitration. The men refused. He offered to accept any arbitrator they might name. They still refused. So convinced was he of the justice of his case that he offered to refer the question to the executive council of their own union ; and they actually refused,—so unwilling were they to submit to a just decision,—so utterly regardless of the contempt with which such in-

tolerant and unjust proceedings must be regarded. I need hardly add that such a strike was repudiated by the executive of the union.

Supposing a London board started in the building trades, it is very likely that the masons would not come in at first ; but there would be many influences tending to bring them in. We cannot but remember that the attitude of the men has been one of chronic hostility towards the employers. Nor have the master builders attempted to meet the men in the spirit of the North of England ironmasters. Had they done so, it cannot be doubted that the masons would have been more ready to co-operate with them. One of the leaders of the masons told me that he once had a letter from a master builder, and he regarded that as a most unusual and extraordinary occurrence. The opposition of the masons is to be overcome. The leaders are most desirous for a permanent system of conciliation, to replace the present antagonism. They would do all that in them lies to influence their men in the right direction. It cannot be doubted, that if the master builders in



London were really to advance towards the men, to establish a board, inviting the masons to join with the other trades, the force of public opinion, of that of their fellow workmen, and their own common sense, would sooner or later produce a great impression upon them. All men on these subjects have undergone great change, and there are plenty of reasons why certain changes should be made less rapidly in some trades than in others.

My estimate of the masons may be severe, but there is nothing in their past history, or in their conduct, to prevent the confident belief I entertain that they will come round and adopt the system of conciliation, and that then the very obstinacy which they display may be the support and strength of the system, which they will some day find beneficial to their welfare and progress.<sup>1</sup>

<sup>1</sup> I am confirmed in the above judgment by the fact that a code of rules has just been drawn up at Bristol between the Masters' Association and the Operative Stonemasons. One rule provides "that six employers and six operatives act as a standing committee to hear and determine any minor disputes that may arise from time to time as to the intention and working of the foregoing rules, and their decision shall

*The Painters.*

I am not aware of any permanent board having been started by the painters, and indeed should not have mentioned that occupation, were it not that the painters had recently repudiated an award at Manchester. Some time ago the painters gave notice for 1*d.* per hour advance. The employers on their side demanded  $\frac{1}{2}$ *d.* per hour reduction. The question was referred to a committee composed of six masters and six men. They could not agree, and the Bishop of Manchester was asked to arbitrate. He exactly split the difference, and awarded  $\frac{1}{4}$ *d.* per hour advance. The men refused to accept the award, at least 600 out of 800 refused to submit. Conduct like this is not supported by the General Alliance of Operative House Painters, as the rules of that trade union do not allow be equally binding on both parties ; and that no suspension of labour shall take place pending the decision of the conciliation committee." This has taken place in a district where great difficulties had been experienced, and will no doubt lead to the formation of a more complete board, with larger powers.

## 118 *Arbitration in other Industries.*

support to be given to any members or any branch that has refused to submit to arbitration. The Manchester painters before this occurrence have three times referred their disputes to arbitration, and have honourably abided by the awards. The men have already gone in to work on the terms of the award, and confess that their course of action has been wrong.

Although there is no permanent board in the trade, a code of working rules was established at Manchester in 1870, agreed upon by six operatives and six employers ; and there must be six months' notice of any proposed change, which is settled by conciliation, if possible, if not by reference to some arbitrator. The painters at Bolton have, however, asked for an advance of 1*d.* per hour, and refused arbitration.

The General Alliance of Operative House Painters is a federated union, and has very little control over the societies of which it is composed. But still it seems that their influence has had a powerful moral effect over their members ; at Birmingham and Coventry there have been successful arbitra-

tions recently; at Leicester and Nottingham arbitration was offered by the men, at first declined by the employers, but afterwards accepted. These ups and downs all tend in one direction, and show how steadily the wish is growing on both sides to settle these disputes without strikes.

### *The Potteries.*

A successful board of conciliation and arbitration has been in existence since 1868 in the Staffordshire Potteries for the china and earthenware manufactories. The board is framed on the model of the Nottingham boards. The president presides over such meetings of the board as are not convened for the purpose of arbitration; but a standing referee presides over all arbitrations by the board, and his decision is final, in the event of an equal vote. The advantage of this seems to be that the referee is not called in or arbitration attempted until the board has failed to settle by conciliation; in which case there is to be one final arbitration arrived at, if possible, without difference.

The board has a considerable power of enforcing its award legally, because it is (unless otherwise specified) subject to a month's notice on either side. But the settlement of the prices of labour is for a year. The rules contain some valuable regulations with reference to the trade usages ; showing how the rules of a board of this kind may become a kind of constitutional statute book for the trade ; the laws being drawn up to suit the interests and comforts of both parties. There are many different branches in the trade, and consequently even more difficulties to contend with than in most other trades. Indeed there were so many branches that it was not thought desirable to give a distinct representation to each branch of the trade. It would have made the board unwieldy in size. Representation is not necessary when there is trust and confidence existing between the employers and the employed, which seems to have been the case in the pottery trade.

The establishment of a board in this trade proves that a board may be of great value in works or in industries where the relations between employers

and employed are good, and where at first sight it appears that a board is not wanted. A manufacturer in this trade writes to me thus:—"I may say, long before we had our board formed, we settled our disputes on the same principle, by fixing on two workmen and two masters, and I never remember a single failure, but we always prevented a strike. We have not had a turn-out in the potting trade for more than thirty years."

### *The Chemical Trade.*

A board of arbitration and conciliation, its rules evidently taken from those of the Nottingham Board, was established in 1875, in the chemical trade of Northumberland and Durham, but sufficient time has hardly elapsed to test its effect. A decision has, however, recently been given, and accepted by both sides in good faith. The board has not a permanent referee, but only a rule for the appointment of a referee for the occasion; and this may prove to be a source of difficulty. Here, as in all these boards, the principal object, the

prevention of strikes and lock-outs, is stated expressly in the bye-laws: "Above all, the board would impress upon its subscribers that there must be no strike or lock-out. The main object of the board is to prevent any thing of this sort; and if any strike or lock-out takes place, the board may refuse to inquire into the matter in dispute till work is resumed, and the fact of its having been interrupted will be taken into account in considering the question."

### *Boot and Shoemakers.*

In many trades in which no permanent board has as yet been attempted there is a distinct advance in the same direction. In some it has not gone further than a general approbation of the principle of arbitration and the occasional settlement of a dispute by reference to some third party. In some trades unions there is a standing rule in reference to arbitration. The Amalgamated Boot and Shoe Makers have a rule that "any employer, in a case of dispute, requiring to have it settled by arbitration, the section and council shall afford

every facility for settling it in that way." Other rules express more definitely the duty of attempting to settle every dispute by arbitration before resorting to a strike.

Some years ago one of the most valuable of the trade union secretaries seriously endangered his position by vigorously denouncing a strike, which he thought right on the merits, because the men had not exhausted all other means of settlement before resorting to a strike.

Other trade societies, as in the case of the painters, have a rule making the acceptance of arbitration compulsory. The recent lock-out in the boot and shoe trade at Stafford has been happily settled by representatives of the employers and employed; and among the conditions of settlement are: "That a board of arbitration, consisting of an equal number of employers and workmen, shall be constituted, the members of such board to meet quarterly, to which all trade disputes occurring in the interim shall be referred for settlement. That no member shall be discharged through any action taken in any trade matter or



dispute. That no shop shall be struck, or illegal means used by the union to compel men to join the unions."

A board of arbitration and conciliation was started last year in the boot and shoe trade at Leicester, and seems to have given satisfaction. Its rules are framed on the model of the Nottingham Board, with a committee of inquiry and a permanent referee.

### *The Textile Trades.*

In the beginning of the year 1849, in consequence of a strike, a voluntary court of arbitration, suggested by the *conseils des prud'hommes*, was established at Macclesfield between the manufacturers and the weavers in the silk trade. It was called "The Macclesfield Silk Trade Board," and consisted of twelve manufacturers and twelve weavers, a chairman and secretary, not members of the board. The board had a representative character. The operatives sat on one side of a table and the employers on the other, the chairman

and secretary taking the top and bottom. The board did not attempt, as far as I can learn, to obtain any legal sanction for its awards, nor could it have obtained the support of the law, because it aimed at the settlement of future prices, as well as the enforcing of subsisting contracts. Their book of rules contained 125 pages of prices, and there seem to have been continual alterations to settle the prices of the new fabrics which were constantly coming out. The prices fixed were to be regarded as minimum prices, until altered by the board.

The most curious feature of this remarkable attempt was, that the board contemplated and doubtless carried on a system of compulsion over employers and workmen. Rule IX. says, "that the board shall not give its support to any manufacturer in case of any dispute between his workpeople and himself, unless such manufacturer pay the prices agreed upon from time to time by the board." Rule XIII. goes still further: "that upon any direct case of breach of the arrangements of this board being discovered, the same shall be visited upon the manufacturer or weaver by fine and

exposure, and upon a repetition double the fine in each case, the informer to receive the half of the fine."

These powers were no doubt sufficient to repress small delinquencies, but manifestly insufficient to deal with any case of persistent revolt. So that when any manufacturer refused to submit to these penalties there was no choice except letting him go on the one hand, which is the invariable course now adopted by all boards, and the alternative, adopted in Macclesfield, of a strike, if not organized, at least sanctioned and even supported, by the board. The board first inquired into the truth of the charges. When these were established, an official letter was sent by the secretary. If this failed, a deputation of manufacturers and workmen waited upon the delinquent. If this failed too, then the board formally withdrew its "countenance" and support from the firm in question, practically leaving the operatives to strike. Some of the manufacturers, it is said, would even collect subscriptions from their weavers in support of the strike, others were neutral, but all allowed facilities of entrance

into the mills for the purpose of collecting strike funds.

Thus an institution expressly created for the very purpose of putting an end to strikes by moral means, systematically employed strikes as the means of carrying out its awards. The consequence, of course, was failure, the system being rotten at the core; but the board lasted four years, during which time there was no strike, though strikes had been frequent before, and the town was never in a more tranquil state. No sooner was the board broken up than the strikes began again, and there have been plenty of them ever since. The board broke up in consequence of the leading employer refusing to abide by the rules, or the system of fines and coercion, and a strike taking place to compel his subordination to the board. Another cause of this failure was the insufficient prominence of conciliation.

Another reason seems to have been, that the men were not sufficiently organized, and therefore the employers were under a more stringent compulsion than the operatives. Even now the weavers

are not organized like other unions. Instead of each person having to pay his subscription on the branch meeting night or according to rule, they have a loose way of paying by loom; each room or shop collecting its own money.

Besides all these reasons, the circumstances of the trade itself, the changes due to fashion, and the competition among the employers to bring out new articles, and the consequent advantages of secrecy, raised other difficulties, which were by themselves calculated at such a time to endanger the existence of any board. If this board nearly anticipated Mr. Mundella and Mr. Kettle in their efforts, its history shows clearly the practical wisdom with which they have avoided the rocks on which the Macclesfield board was lost. Since then there has been no permanent board. At times employers and weavers have met under the old form to settle disputes that have arisen, but such committee has never lasted, and has not had the prestige and authority which the old board, with all its faults, possessed.

In the woollen and worsted trades of Yorkshire

there have been no boards of arbitration or conciliation ; nor has arbitration been resorted to as a means of settling disputes. This arises from two causes : first, the majority of the workers, more than seventy per cent., are women and children. Secondly, the employers have undoubtedly been very just and reasonable, and, what is of even greater importance, they have always been most accessible and easily approached by their operatives. Consequently there have been comparatively few disputes.

In the East Lancashire cotton trade there is no system of arbitration or conciliation ; but committees, composed of employers and employed, are appointed from time to time for the purpose of settling disputes, and they argue the question out till one side gives in. They entertain questions and make arrangements as to future prices and wages, as well as to disputes arising out of existing wages or rules. This plan, however, does not seem to give complete satisfaction to the men, even if it does to the employers. Mr. Birtwistle, the Secretary to the East Lancashire Amalgamated Weavers' Asso-

ciation, writes to me giving expression to this feeling, and saying that he is convinced that they will be compelled to resort to arbitration. The failure, if indeed it be a failure, is evidently due to the fact that the conciliation attempted is not permanent or systematic, and that there is no ultimate appeal, or power to decide, either to referee or the casting vote of the chairman, which, as I have before remarked, is a necessary part of every board. Among these operatives, complaints are rife which are precisely of that character which an organized board can most successfully deal with; and it is a very hopeful sign that an association like the weavers' union, numbering sixteen thousand men, should have taken up an attitude which, if met in a similar spirit by the employers, must lead to the establishment of a board of conciliation.

### *Printing.*

Arbitration was common in the printing trade in some shape or other, it seems, even from the earliest times. Disputes were often settled by committees

of a small number of employers and operatives. About 1853 a court of arbitration was constituted in the trade; not a permanent court, but to be formed as occasion required, and to consist of three employers and three compositors, and a barrister was appointed for a year to act as umpire when there was occasion for the court. The court broke up because the men, while accepting the award as a decision in an actual dispute, refused to accept it as a decision binding in all other cases arising out of past contracts and involving similar questions. The masters naturally claimed that the decision should have the effect of a decision in all cases, and that, like a legal judgment, it should settle the law. Since then there has not been, as far as I can learn, any permanent court in the trade.

In the Typographical Trade Union arbitration has often been suggested by the executive council and by various branches, but has not been resorted to. Where the employers have shown a willingness to have a reasonable settlement, the operatives have generally been able, by means of interviews



with them, to come to an understanding. Two years ago, in Manchester, the printers sought an advance of two shillings in the rate of wages, with a slight increase in the overtime rate, and other minor improvements. The application to the employers was met with a flat refusal. The men asked their executive council to authorize them to tender the proper notices, and to leave their employment on the expiration of the notices. This was only given on condition that the men should offer to submit their claims to arbitration or to meet their employers in a conference. The Master Printers' Association accepted the latter offer, and five of their body met five representatives of the men. Two meetings were held, at which all the disputed points were discussed in a very friendly way, and in the end the advance asked for by the men was conceded, they on their side giving up some of the secondary demands they had originally made.

It seems that some five or six years ago the Manchester Trades Council, in conjunction with the Chamber of Commerce, did establish a board of arbitration and conciliation, with the county

court judge as umpire ; but the board was broken up, as no case was ever brought before them. If I am rightly informed, the attempt was to establish a local board, not confined to any one trade, but applicable to all the trades in the neighbourhood. The failure of such an attempt might have been predicted, and is attributed to the unwillingness of both masters and men to refer their disputes to any one who has not a practical knowledge of the particular trade in which the dispute may have arisen. This must be regarded as the failure of a court analogous to one of the *conseils des prud'hommes*, and not of a board of conciliation.

The result of the inquiries I have made relative to the subject matter of this book—arbitration and conciliation—is, that there is complete trust and a firm belief among the working classes in the system of conciliation ; that there is a very strong feeling among a very large majority of the artisans in favour of arbitration ; but that in several trades there have been failure and disappointment in the results, and a want of confidence in arbitration by

a court or by a stranger. It may be that in some of these cases there is no ground for dissatisfaction. But there may be dissatisfaction even where the decision is right and just. The system does not appear so well calculated to satisfy the parties as does the system of conciliation. I cannot but sympathize with the feeling that the men must often have, that if the arbitrator could have had their knowledge of detail and situation the result would have been different. The moral is to develop conciliation and reduce arbitration to a minimum, though there must always be some power in reserve by which recurrence to strikes may be avoided.

I have not attempted to give a complete account of arbitration in all industries, but have only selected the most instructive instances, by way of example. What I have said applies only to the skilled artisans. With the exception of the labourers that enter into the Birmingham board in the building trade, there has been no arbitration, or only very exceptional instances, among the unskilled labourers, among whom any permanent form

of association is rare. The formation of a trade union is a necessary stage towards arbitration.

I am not aware of any arbitrations having taken place between farmers and agricultural labourers; though arbitration has been proposed by the leaders of the Agricultural Union, who are very anxious to adopt any course that would avoid a strike. At present, however, the union is not strong enough, unless in certain counties, and in many parts the farmers are not prepared, and their antagonism is too great, for such a step. Still they are not more prejudiced than employers have been in other trades. The moment they really come to accept the independence and combined power of the labourers as an accomplished fact, there will be sufficient pressure from public opinion to force them to try the more reasonable methods and not drive matters to an extremity.

Here and there are enlightened farmers, who have risen to this conception of the future relations between the farmer and labourer. They may not be heard of in public, but each one of them exercises a potent effect in changing the views of the farmer

class. Already in some counties there are Farmers' Defence Associations; and though these at first assume a hostile attitude towards the labourers' unions, that does not alter the fact that association by the farmers is the first step towards moderate and reasonable action by all the farmers.

Few people are aware of the extraordinary ignorance and benighted state of both farmers and labourers on the subject of contract, in certain parts of England. There are intelligent and most respected farmers who consider it an act of insubordination on the part of their work-people if they ask the price of their labour by the piece beforehand. These farmers actually deny that agriculture can be properly carried on under a system of contract for wages or piece-work. They insist that it is better for the labourers not to know until afterwards, because then they may get more. The men, on the other hand, in many places, in some places that I am acquainted with, dislike piece-work, and are prejudiced against it; but then the piece-work they object to is, piece-work without a fixed price.

The ignorance of the labourers upon the subject

of contract is most conspicuously shown at the statute fairs and yearly hirings, where they sign yearly engagements of the vaguest and most unjust description, without being aware that they might easily have got fair terms if they had had anyone to advise them who had his wits about him. They are often without the very idea of bargaining or of getting favourable terms for themselves.

A committee of farmers and the labourers' representatives might now do a very useful work if they were to agree on certain forms of contract, which should be reduced to a printed form and recommended by the committee to the farmers and labourers of the district. This might be undertaken without attempting at first to fix wages or prices; all that would be wanted would be that the contract should be put into such a shape as would do justice and be satisfactory to both. I cannot but hope that something may soon be attempted in this direction which may bring the farmers and labourers face to face to discuss some practical scheme, like that which I suggest.

The time for such an effort is opportune, be-



cause on the one hand there is an undoubted scarcity of labour, which must greatly affect the prospects of the farmers and the cultivation of the land; on the other hand, this scarcity, caused to a great extent by the emigrative action of the union, has not raised wages, or certainly has not raised wages proportionally to the diminution of the supply.<sup>1</sup> The agricultural unions have successfully stood their ground; the combination is

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<sup>1</sup> The rise of wages that has taken place in agriculture appears to me to be caused principally by the power of the union, and the increased intelligence of the labourers, and not by the deficiency in labour that has been brought about by the emigration and the migration of labourers. When the union was first introduced into Hampshire and Surrey, before the diminution began, the wages rose from eleven shillings to thirteen shillings. Since then they have slowly improved; on some farms wages are still thirteen shillings, but generally there is more piece-work, piece-work is better paid, and that has re-acted upon the wages given by the better class of farmers. In no sense has there been any increase in wages proportional to the scarcity of labour. But the action of the union has had the effect of giving all men employment through the winter, and of greatly diminishing the number that come upon the parish.

not to be crushed. Everything points to the fact that it is in the interest of farmers and labourers to make fresh efforts to settle differences and prevent the causes of difference from arising. Moreover, the farmers must awaken to and accept the new state of things. Travelling with an agricultural labourer on the railway last year, I began to question him as to his contract in the harvest that he was going to perform, and said, "I suppose you are satisfied to take what is given you, without making terms?" "No, no," he said; "no more of that. I haven't been to hear Joseph Arch for nothing." There can be no doubt that the combination among the agricultural labourers has given an immense impulse towards the complete accomplishment of that labour revolution which I have defined by the word "independence," and which is the condition and basis of the future organization of industry.







## CHAPTER VII.

### THE LAW OF ARBITRATION.



ATTEMPTS have been made from time to time to bring the provisions of the law to enforce the awards of arbitrators, and to establish courts of arbitration, like the *conseils des prud'hommes* in France. These attempts have failed, though they have been favourably regarded by employers and employed, and very considerable powers have been freely given by the legislature. I have already explained in Chapter II. how, by bringing the rules agreed on by the board to the notice of employers and employed, the rules become the contract binding in law upon both sides. There are now three statutes relating to arbitration, but they are founded upon

the principle of free contracts between employers and employed. Their only effect is to give greater facilities for the formation of such contracts, and for the proving and enforcing the same. They do not take away any of the ordinary legal rights which every workman or employer possesses in his capacity of citizen, of claiming compensation for breach of contract in the courts of law.

The first statute, the 5 Geo. IV., chap. 96 (1824), gives very considerable powers of compulsory arbitration on application by either party to a justice of the peace. Referees can be appointed, but in the event of their not acting the magistrate is empowered to arbitrate and give his decision, and a machinery is provided for carrying out this compulsory arbitration. Section 2 limits the act to subsisting contracts. The act does not contemplate the formation of permanent boards or councils, or the fixing of future wages and prices. There is, however, a remarkable passage in section 3, the meaning or effect of which I do not pretend to interpret, or even to understand: "But nothing in this act shall authorize any justice to establish a

rate of wages, or price of labour or workmanship, at which the workman shall in future be paid, unless with the mutual consent of both master and workman."

In 1867 another act was passed, 30 & 31 Vict., chap. 105 (Lord St. Leonard's act): "An Act to establish Equitable Councils of Conciliation to adjust differences between Masters and Men." This act gives power to the Home Secretary to license permanent councils of conciliation. Why they are termed "equitable," or why "councils of conciliation," it is difficult to see; because the act limits their operation to the existing contracts enumerated in section 2 of the 5 Geo. IV., chap. 96. They would only be permanent courts of arbitration, with a special legal patronage, and special methods of enforcing awards, summoning witnesses, &c. I do not believe that any licences have been applied for, and the statute has in effect been quite inoperative.

Lastly we come to the act of 1872 (Mr. Mundella's act), passed by the legislature in deference to the views of Mr. Kettle and the wishes of several of the Trades Union Congresses. This statute gives all

the powers that can be given for the establishment of permanent boards of arbitration that are consistent with the principle of freedom of contract. These boards have authority to fix future wages or prices, and power to enforce their awards by legal process. But the act only gives improved facilities for carrying out Mr. Kettle's plan, and awards can only be enforced as breaches of contract.

It is unnecessary to enter upon the question of whether an arbitration council under this act is a better mode of procedure, for either workman or employer, than the county court or the court of petty sessions; probably most persons would agree with me in thinking it worse than a county court or stipendiary magistrate, and probably not better as a court of justice than the court of petty sessions presided over by the ordinary justices of the peace. But this is not the difficulty. The real difficulty is, that most of the awards fixing rules or making contracts for a future period are subject to a very short notice. Therefore the contract is limited by the notice.

In the building trades, for example, the board

may settle the wages and conditions of labour for six or twelve months, but as the men and the employers are entitled to terminate the hiring at a minute's notice, payment being generally by the hour, there is nothing to prevent the employers from discharging the men, or the men from leaving their employment, whenever they choose to do so. If an award were given which the men thought unfavourable, there would be nothing to prevent them striking for better terms. Unless, therefore, the men and masters contract for a considerable time, or, which is the same thing, agree to lengthen the required notice, there is no legal means of enforcing the award. Moral means are in fact the true protection against such breach of faith. It is better, therefore, not to depend on legal means, but for both sides to rely solely on moral means and to endeavour to strengthen that in every way. By trusting to legal redress, I cannot but think that an obstacle is put in the way of the development of the mutual trust between employers and employed which is the only real reconciliation. The statute gives a very excellent form of contract, and may

possibly be used in some industries, but will have little practical effect, as the opinion of both employers and employed, confirmed by experience, is against legal and in favour of voluntary arbitration outside the law. Here, as in so many other parts of our social life, we find the legal system becoming inefficient and antiquated. Legal remedies and the legal system were created by the past. The law and the lawyers have been the instruments of part of the human progress, and they have still a great and noble work to do. But it is a work that must constantly diminish. Professional lawyers naturally exaggerate the importance of their own profession, and judges will inevitably attempt to arrogate to themselves a moral authority which they do not possess. On labour questions they have shown how utterly incapable they were of grasping the conditions of the moral problem. The history of their action in the Labour Laws and in the Law of Conspiracy ought to be the most valuable warning to the working classes not to trust to law for the solution of these great industrial and social difficulties. The law and our tribunals,

admirable and worthy of veneration as they often are, cannot be the means of reconciling capital and labour.<sup>1</sup>

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<sup>1</sup> See statute 35 & 36 Vict., chap. 46, Masters and Workmen (Arbitration), in the Appendix.





## CHAPTER VIII.

### CONCLUSION.

**I**NDUSTRIAL conciliation is an economical success. This is a mere truism, as far as the putting a stop to strikes or lock-outs is concerned. Industry, instead of being subject to constant interruptions, is continuous. The waste and misery consequent on stoppage, even for a short time, are avoided. Objections are, however, drawn from the truths of political economy to invalidate the position of the advocates of arbitration and conciliation. Some of these have no real foundation ; others, which have a very narrow foundation, raise important questions for our consideration.



I have heard it asserted that a board of conciliation was neither more nor less than a gigantic conspiracy between employers and employed against the consumer and the public. The promoters of the system laugh at this idea. The consumer, they say, can take care of himself. He has the remedy in his own hands ; he need not buy. The very essence of trade is to please the consumer, to establish a market, and induce the public to buy, to increase or even create a demand. The truth and force of this argument do not dispose of the difficulty. By union between employers and employed a force is created which may be abused like any other force. In some occupations it is untrue to say that the consumer need not buy, or, that demand and supply will equalize an inequality in the long run.

There are two trades in London of which I have tried in vain to get information and exact details. If my information is correct there is in these trades complete harmony between masters and men ; and a conspiracy is alleged to exist between them, by which the most extravagant prices are forced from

the customer. In one of these it is said that the bill charges the customer full wages for time, full wages for piece-work, and also for materials found, and so on. It would be interesting to know what is the division of the spoil.

After all, these are very exceptional cases. Generally "caveat emptor" is the right rule, and the customer must look after his own interest. There is no occasion to protect him by restrictive laws ; nor is a beneficial system like that of industrial conciliation in the least invalidated by the fact of such an abuse being possible in some cases. Power may always be abused. But the objection serves well to remind boards of conciliation that such questions ought to receive the fullest consideration at their hands. Publicity is the best guarantee of all action by a board being regulated by a high morality and sense of justice. The very fact of a board being a public institution, subject to public criticism, appears to me to afford the requisite protection against any proceedings savouring of fraud or injustice. It may turn out that boards of conciliation are the best means of

introducing great reforms in all those abuses relating to the deterioration of goods and scamped work, which at present constitute so foul a stain upon our commercial reputation.

Another objection urged more frequently is, that the board of arbitration interferes with or acts contrary to the law of supply and demand. But surely here is a very strange misconception; a "law" is simply the expression of the way in which certain events or phenomena occur. We are being perpetually told, by economists like Mr. Leoni Levi, who profess to teach something very important, that we cannot alter the "eternal" law of supply and demand. But the law is only eternal when the phenomena, of which it is the abstract expression, are eternal; and if they cease to exist so does the law, and they may be so modified that the law itself, which is relative, not absolute, undergoes modification.

Nor does a law, economical or physical, prevent interference in regard to the phenomena of which the law is the mode of action. On the contrary, when we know the law we know how events take

place. We are then able, either to predict exactly and with precision what is going to happen, as in the case of astronomy, or, by means of our knowledge, to make certain modifications in the circumstances to our own advantage. Within certain limits, supply or demand may be increased or diminished. Traders act in this way, and modify either the supply or demand, with the deliberate intention of effecting certain changes. This is exactly analogous to what happens when we add a weight to one scale of the balance with the object of producing an inverse alteration in the other.

A board of conciliation cannot, any more than a single employer, act in violation of the law of supply and demand. The board or the employer may however act in violation of that foresight and prudence which knowledge ought to give ; and then lamentable consequences follow, but the law holds good. Precisely the same occurs, when an engineer builds a bridge in violation of the practical principles and rules established upon the known physical laws. The bridge breaks down when the first waggon goes over it, not because the physical

laws are violated, but because the practical rules taught by the laws are disregarded. The bridge falls, not in violation but by virtue of the physical laws. Just so the trade misfortune occurs by virtue of and subject to the economical laws, which govern misfortune equally with fortune.

Nothing can be more important than that this exact conception of law should form the foundation of industrial thought. The object which lies before us in the industrial world is, the discovery and the systematic application of industrial truth. At present our knowledge is extremely limited on these subjects; far more limited than is commonly supposed; and is in very truth confined to certain abstract propositions, like that of the relations between supply and demand, which are not exact or precise, and which, from their abstract character, do not admit of either direct or precise application to practice. Even when there is a direct influence of demand upon supply, or *vice versa*, there is no fixed ratio or equation, giving us a precise law, by means of which we can reckon prices by calculation. This can no more be done than we can calculate

exactly when a man will die, from the universal law of death to which all beings are subject.

The law of demand and supply is simply the statement of a tendency that exists either for demand to influence supply or for supply to influence demand. Other intervening circumstances may and do constantly prevent its operation; but the tendency still exists. Where the law operates, it does not follow, as so many persons suppose, that therefore industry and labour must be left to be regulated by the "eternal" supply and demand. As well might an engineer attempt to construct a railway by leaving it to the laws of motion and gravitation; or to make a locomotive go without boiler or fire, because of the eternal laws regulating the pressure and expansibility of fluids and gases. The truth is, that the *laissez faire* is anarchy. The economical laws that exist are favourable to human progress, when properly used for that purpose, but they are favourable also to destruction. The true goal before us is, the systematic construction and organization of industry, not by the light of and upon the basis of economic

laws alone, but by use of all the laws appertaining to man's social and moral life.

Nothing can be more striking from this point of view than Mr. Brassey's chapter on supply and demand. He proves that the effect of "unusual pressure upon the labour resources of a sparse and scattered population" was an advance of wages, due to the natural operation of the law of supply and demand. But every one of these instances is exceptional and abnormal, introducing and causing the very fluctuations which are the great economical and social difficulty, and of which Mr. Brassey himself says, "It cannot be doubted that the spasmodic and fluctuating character of our trade produces an unhappy effect, upon the operatives who are subject to its influence, of a constant fluctuation in their wages;" and in another place he says, "It must be acknowledged by all who have studied these questions that our working class is exposed to an amount of suffering, from the fluctuations in the commerce of this country, unparalleled elsewhere."

The natural operation of supply and demand may be for good or for bad. Rapid advances, due

to unusual pressure, are a cause of disturbance, not a means of settled evolution or of regulating industry. They constitute a state of disease, not of health. Step by step we are advancing on these vital questions. The next and most urgent step to be taken is, to rise from the delusive and paralyzing belief that supply and demand can or will regulate wages and the conditions of labour, to the conception of conscious, intentional, and systematic construction upon the sure foundation of economic and social truth. If we ever become able to apply industrial and economical laws directly to practice, it must be by the discovery of the concrete laws relative to capital, profits, and wages, especially those relating to distribution—knowledge of which latter laws are most urgently wanted. They will have to be worked out in the future by the larger minded and better educated of the employer class,—by men who, after adequate scientific training, will devote their lives to the discovery of these truths.

Meanwhile, the great movement in advance is being taken by the rise of these boards of conciliation and arbitration in so many different industries



throughout England, the effect of which is to secure that peace between employers and employed which appears to be the necessary condition both to the discovery and application of the required truth. A board of conciliation may not be of the least use in throwing light on these difficult questions, but assuredly it would prove a valuable school for teaching the practical trade economy, and knowledge of the facts of foreign competition, the condition of the working classes in other countries, the value of foreign manufactured goods, the value of the raw material and of labour, and so forth. The Nottingham boards have always sought to obtain the fullest information, and to discuss this kind of trade questions. Samples of foreign manufactured goods are put into the hands of the members of the board. In 1867 the hosiery board sent two workmen to the competing districts of France and Germany, to examine the state of trade wages, and the conditions of the manufacture in those countries.

It cannot be said that knowledge of this kind and convictions as to the general facts of the trade

are not desirable for the working classes. The time may come, in some distant period, when workmen may accept and rely on the bare statement of a competent employer, but that is not so now. In the account issued by the Nottingham Hosiery Board in 1866, they say: "Whenever any breach of economic laws has been suggested by workmen outside the board, the operative delegates have always been the first to denounce it. The voices of reason and humanity have invariably had due weight with the delegates of both sections. And although both masters and workmen are accustomed to express their opinion of each other's individual and collective acts without the slightest reserve, no manufacturer or workman has ever been known to suffer from the free and honest expression of his views. One of the most evident results of this interchange of thought and opinion is, that the workman becomes better acquainted with the laws which govern trade and commerce and with the influence of foreign competition; and the master learns how to appreciate the difficulties of the workman and to sympathize more with his

trials and struggles to maintain and improve his position."

When a board of arbitration or conciliation is successfully established, it necessarily becomes the labour market of the trade in the district. A market has generally a local character ; except at the annual statute fairs or in servants' registry offices, we do not see local labour markets. That kind of market to which the actual labourers go and exhibit themselves for hire, is becoming rapidly obsolete. It is, however, most desirable that there should be some institution, having a precise locality, and serving the same purposes of determining and settling the wages of labour, as the market of old. But this was a rough and unsystematic barter and sale. The new market has higher functions and duties. If it must have a definite locality, it must also have personal representatives to discharge those functions and duties ; and those representatives must be responsible for the proper discharge thereof.

The new market should be a human and social institution, to settle terms of employment in accordance with the principles of fair dealing and

morality, and should aim at organizing the conditions of industrial life. To attempt to exclude and divorce justice and moral judgments from these hirings, and to say that it is not unjust to give insufficient wages or harsh conditions if the labourer accepts them, is to trample on the facts and the conditions of the problem.<sup>1</sup> There never is that free and equal barter dreamed of by too many economists—a dream which has spoilt much valuable work. Barter, not based on justice, means, in plain words the predominance of force over reason, justice, and morals. Quite apart from the fact that the working classes have not yet reached an independent condition, and that they have to accept contracts that they do not approve of,—that they have too often to submit to such terms as the employer chooses to dictate; quite apart from this, one side or other, employer or employed, always has the advantage. The great progress is to subor-

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<sup>1</sup> Such, for example, as the condition often inserted in yearly hirings of agricultural labourers, that money to be paid at the end of the hiring shall be forfeited for misconduct.

dinate this force to reason and justice, and unless a board of conciliation or other market can do this work, it will fail. But the boards that have succeeded have shown conclusively that they can settle wages and the conditions of labour in this way, and that they are able to reduce these either into the form of a contract binding and enforceable at law, or into a code of rules to be enforced morally, or at least without recourse being had to law, by the employers' associations on the one hand and the trades unions on the other.

But a board, when successfully established, is the labour market of the district in a more strictly economical sense : it governs those persons that do not belong to it. A number of workmen who did not belong to, and who struck for a demand that the board had condemned, would have very little chance of success. Employers who offered less wages than the board allowed would not get the men they wanted. This has been found by experience to be the case. The wages paid by outstanding firms who would not join have, in fact, been regulated by the board. The result is, that they are drawn in

after a time, because otherwise they are governed by a system over which they have no influence and in which they are unrepresented. There is, moreover, a further tendency for a well-conducted board to extend its influence and become a market for the same trade in other districts. At one time the decisions of the South Staffordshire board in the iron trade governed those of the North of England with reference to wages. More recently the wages in the iron manufacture of Derbyshire and South Yorkshire have been governed by the rates prevailing and by the decisions of the board in the North of England.

Wages are greatly affected by customs and practices. A board of conciliation, as has been said before, promotes those that are beneficial and checks or abolishes those that are noxious. And this must necessarily have a valuable economical effect, as well as tend to the social and moral improvement of the workmen. A board probably has a greater power of remedying evils like those of the truck system than any penal legislation. The Nottingham boards have taken energetic

measures against the truck system, which has been quite abolished in those industries. They were, moreover, completely successful in getting rid of the vexed question of frame-rents, which had been a standing grievance among the operatives for 200 years. In this way the evils attributed to overseers and middlemen, which some workmen so bitterly complain of, may be removed. In the Leicester hosiery trade the middlemen are represented on the board. Another series of evils, seemingly to both employers and employed, arises out of the system of sub-contracts. A board seems to be the most effective mode of dealing with such matters. In one trade in which sub-contract difficulties occur, the London branch of the United Society of Boiler-makers and Iron Ship-builders have been recently considering whether they should not attempt to get rid of the evils accruing from the system by the establishment of a permanent board of conciliation.

First and foremost among industrial questions is that relating to the regulation of wages. Employers and employed alike, sometimes expressly, sometimes unconsciously, put this forward as the

object to be attained. The object underlying all efforts, all schemes of arbitration and conciliation, is, to prevent fluctuations, or to modify their evil effects by prudence and foresight. The value of labour depends ultimately on supply and demand. Hence many persons have thought that supply and demand must govern wages, to the exclusion of other influences, and consequently that the only mode of regulating wages was by increasing or decreasing one or other of these two. That beneficial effects may be thus produced, by preventing too rapid oscillations, can hardly be doubted. But it is clear that the problem is much more complicated than the economists have thought, and that further knowledge would give us a wider scope, greater power and precision in dealing with industrial phenomena.

It cannot be too often enunciated that we have not yet got the whole truth. The law of supply and demand is an important truth, but a small part of the whole truth. We are greatly in the dark on this difficult subject, and have much need of further light. Above all is wanted that in



the investigation of these problems economical considerations should be rightly combined with ideas of industrial organization and evolution. As harmony is restored between capital and labour, as employers and employed gradually cease to be opposed, and meet together and co-operate in mutual trust, equally animated with the conception of peaceably working out the great ends before them, the evolution of the industrial organization will go on. Its movement will reveal the laws by which it moves, and progress, from being purely empirical, will tend to become, more and more as time goes on, conscious, intentional, and systematic.

It would not be difficult to propound a number of questions which want a scientific answer; but *the* questions relate to wages. What limit can be put to the fluctuations in wages? How are such limits to be imposed? What sacrifices are necessary on the part of employers and employed? Is it not possible to fix the fluctuation to part of the wages, so that one part would be fixed, the other fluctuating? Then, if so, what laws regulate the proportion of the fixed to the unfixed, in the different branches of

human industry? As new experiments are instituted, it will become possible to find out the laws evolved by new conditions and new industrial facts. Such laws, being concrete and not abstract, are precisely those laws that are capable of being directly applied to practice. As I have said before, it is to the advanced and large-minded employers that we must look for the working out of such practical problems. The guiding truths are not to be sought deductively, but discovered inductively by the study and examination of the actual industrial phenomena. We shall do well to reflect on what John Stuart Mill has said on this,—that “society can subject the distribution of wealth to whatever rules it thinks best ; but what practical results will flow from the operation of those rules must be discovered, like any other physical or mental truths, by observation and reasoning.”

This book has been written with the sole object and hope of helping this great cause on. Each effort upon the onward march has its effect. It is by our united and associated efforts that our progress is assured, and I have sought only to

bring to others "the lamps of invention, and not the firebrands of contradiction." To me it seems difficult to point to any set of men in history, certainly to none in modern history, on whom a greater and more important duty rested, than at the present moment devolves upon the English capitalists. They have to solve the industrial problem of the world, to discover the truths on which it must depend, and, putting aside the preconceived notions and prejudices of the past, to urge forward the final industrial and social re-organization towards which we are now moving. There cannot be a nobler or more sacred work for men to do.





## APPENDIX.

### BOARD OF ARBITRATION AND CONCILIATION FOR THE LACE TRADE FOR 1876.

**President.**

MR. MALLET.

**Vice-President.**

MR. HARPER.

**Treasurer.**

MR. MALLET.

**Board.**

MR. MALLET.

„ H. S. BIRKIN.

„ BROOKSBANK.

„ T. S. CLARKE.

„ CREASSEY.

„ WILLATT.

„ COPE.

„ ELSEY.

„ J. B. WALKER.

„ FOX.

„ GREGORY.

„ HODGSON.

MR. HARPER.

„ CHEETHAM.

„ GELL.

„ HUBBARD.

„ PICKER.

„ SANSOM.

„ MANTLE.

„ WALLIS.

„ WEBBER.

„ J. COX.

„ SKEVINGTON.

„ SMITH.

**Referee.****HENRY CROMPTON, ESQ.****Committee of Inquiry.****LEVERS.**

<b>MR. MALLET.</b>		<b>MR. HARPER.</b>
„ <b>BROOKSBANK.</b>		„ <b>CHEETHAM.</b>
„ <b>WILLATT.</b>		„ <b>SANSOM.</b>

**CURTAIN.**

<b>MR. COPE.</b>		<b>MR. MANTLE.</b>
„ <b>ELSEY.</b>		„ <b>WEBBER.</b>
„ <b>WALKER.</b>		„ <b>WALLIS.</b>

**PLAIN NET.**

<b>MR. FOX.</b>		<b>MR COX.</b>
„ <b>GREGORY.</b>		„ <b>SKEVINGTON.</b>
„ <b>HODGSON.</b>		„ <b>SMITH.</b>

**Secretaries.**

<b>MR. H. A. GOODYER.</b>		<b>MR. G. MARRIOTT.</b>
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## RULES,

AS ADOPTED AT THE MEETING OF DELEGATES, HELD  
AT THE MECHANICS' HALL, SEPT. 17TH, 1874,  
AND AMENDED, JULY 10TH, 1876.

1. THAT a Board of Trade be formed, to be styled the  
"BOARD OF ARBITRATION AND CONCILIATION FOR THE  
LACE TRADE."

2. That the object of the said Board shall be to arbitrate  
on any questions that may be referred to it from time to time,  
by the joint consent of Employer and Workman, and by  
conciliatory means to interpose its influence to put an end  
to any dispute that may arise.

3. This Board to consist of twelve Manufacturers and  
twelve Operatives, five of each to form a quorum, the Manu-  
facturers to elect six Levers, three Curtain, and three Plain  
Net representatives, and the Operatives six Levers, three  
Curtain, and three Plain Net representatives, each to be  
chosen by their respective associations. The whole of the  
delegates to serve for one year, and to be eligible for re-  
election. The new council to be elected in the month of  
January in each year. That when a special question arises

upon which the members of the Board have not sufficient information, it shall be competent for either side to introduce, after seven days' notice to the secretaries, not more than two extra delegates, who shall give information and enter into discussion upon such question ; but in every case, only members of the Board shall vote. The above alteration shall also apply to special meetings of each branch. No changes shall be made in the extra delegates whilst the question is under discussion.

4. The decision of the Board shall be binding on the parties to any dispute submitted by them.

5. That a committee of Inquiry of six members of the Board, three Employers and three Workmen engaged in that particular branch in which the dispute arises, shall inquire into any cases referred to it, such committee to use its influence in the settlement of disputes. If unable amicably to adjust the business referred to it, it shall be remitted to the whole of the members of that branch upon the Board, and should no agreement then be arrived at, the case shall be submitted to a full Board ; but in no case shall the committees make any award. The committees to be appointed annually at the first meeting of the Board.

6. That the Board shall, at its first meeting in each year, elect a president, vice-president, treasurer, referee, and two secretaries, who shall continue in office for one year, and be eligible for re-election.

7. That the Board shall meet for the transaction of business once a quarter, viz., the second Monday in January, April, July, and October ; but on a requisition to the President, signed by three members of the Board, specifying the

nature of the business to be transacted, he shall, within seven days, convene a meeting of its members. The circular calling such meeting shall specify the nature of the business for consideration, provided that such business has first been submitted to the committee of inquiry, and left undecided by them.

8. The parties to any dispute remitted to the Board shall, if possible, agree to a joint written statement of their case, but if they cannot agree, a statement in writing from each party shall be made, and in either case forwarded to the secretaries within seven days of the Board's meeting.

9. That the president shall preside over the meetings of the Board, and in his absence the vice-president; in the absence of both president and vice-president, a chairman shall be elected by the majority present. The chairman to have but one vote, and in case of numbers being equal, appeal shall be made to the referee.

10. That the decision of the referee shall be final, and immediately binding on both sides.

11. That when at any meeting of the Board the number of Employers and Workmen is unequal all shall have the right of fully entering into the discussion of any matters brought before them, but only an equal number of each shall vote. The withdrawal of the members of whichever body may be in excess to be by lot.

12. That any expenses incurred by this Board be borne equally by the Operatives and Employers, and the accounts to be produced and passed at each quarterly meeting.

13. That no alteration or addition be made to these Rules except at a quarterly meeting or a special meeting convened



for the purpose. Any member of the Board intending to propose an alteration or addition shall furnish the exact terms thereof, in writing, to the secretaries twenty-eight days before such meeting, and the secretaries shall give twenty-one days' notice of the same to each member of the Board.

### MASTERS AND WORKMEN (ARBITRATION).

35 & 36 VICT., CHAP. 46.

*An Act to make further Provision for Arbitration between Masters and Workmen. 6th August, 1872.*

WHEREAS by the Act of the fifth year of George the Fourth, chapter ninety-six, intituled "An Act to consolidate and amend the Laws relative to the Arbitration of Disputes between Masters and Workmen," hereinafter referred to as the "principal Act," provision is made for the arbitration in a mode therein prescribed of certain disputes between masters and workmen :

And whereas it is expedient to make further provision for arbitration between masters and workmen :

Be it enacted by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows :

I. The following provisions shall have effect with reference to agreements under this Act :

- (1.) An agreement under this Act shall either designate some board, council, persons or person as arbitra-

tors or arbitrator, or define the time and manner of appointment of arbitrators or of an arbitrator ; and shall designate, by name or by description of office or otherwise, some person to be, or some person or persons (other than the arbitrators or arbitrator) to appoint, an umpire, in case of disagreement between arbitrators.

- (2.) A master and a workman shall become mutually bound by an agreement under this Act (hereinafter referred to as "the agreement") upon the master or his agent giving to the workman, and the workman accepting, a printed copy of the agreement :

Provided that a workman may, within forty-eight hours after the delivery to him of the agreement, give notice to the master or his agent that he will not be bound by the agreement, and thereupon the agreement shall be of no effect as between such workman and the master.

- (3.) When a master and workman are bound by the agreement they shall continue so bound during the continuance of any contract of employment and service which is in force between them at the time of making the agreement, or in contemplation of which the agreement is made, and thereafter so long as they mutually consent from time to time to continue to employ and serve without having rescinded the agreement. Moreover, the agreement may provide that any number of days' notice, not exceeding six, of an intention on the part of the master or workman to cease to employ or be employed shall be required,

and in that case the parties to the agreement shall continue bound by it respectively until the expiration of the required number of days after such notice has been given by either of the parties.

- (4.) The agreement may provide that the parties to it shall, during its continuance, be bound by any rules contained in the agreement, or to be made by the arbitrators, arbitrator, or umpire, as to the rate of wages to be paid, or the hours or quantities of work to be performed, or the conditions or regulations under which work is to be done, and may specify penalties, to be enforced by the arbitrators, arbitrator, or umpire, for the breach of any such rule.
- (5.) The agreement may also provide that in case any or the following matters arise they shall be determined by the arbitrators or arbitrator, viz. :
  - a. Any such disagreement or dispute as is mentioned in the second section of the principal Act ; or
  - b. Any question, case, or matter to which the provisions of the Master and Servant Act, 1867, apply ;

and thereupon in case any such matter arises between the parties while they are bound by the agreement, the arbitrators, arbitrator, or umpire shall have jurisdiction for the hearing and determination thereof, and upon their or his hearing and determining the same, no other proceeding shall be taken before any other court or person for the same matter ; but if the disagreement or dispute is not so

heard and determined within twenty-one days from the time when it arose, the jurisdiction of the arbitrators, arbitrator, or umpire shall cease, unless the parties have, since the arising of the disagreement or dispute, consented in writing that it shall be exclusively determined by the arbitrators, arbitrator, or umpire.

A disagreement or dispute shall be deemed to arise at the time of the act or omission to which it relates.

- (6.) The arbitrators, arbitrator, or umpire may hear and determine any matter referred to them in such manner as they think fit, or as may be prescribed by the agreement.
- (7.) The agreement, and also any rules made by the arbitrators, arbitrator, or umpire in pursuance of its provisions, shall in all proceedings, as well before them as in any court, be evidence of the terms of the contract of employment and service between the parties bound by the agreement.
- (8.) The agreement shall be deemed to be an agreement within the meaning of the thirteenth section of the principal Act for all the purposes of that Act.
- (9.) If the agreement provides for the production or examination of any books, documents, or accounts, subject or not to any conditions as to the mode of their production or examination, the arbitrators, arbitrator, or umpire may require the production or examination (subject to any such conditions) of any such books, documents, or accounts in the possession

or control of any person summoned as a witness, and who is bound by the agreement ; and the provisions of the principal Act, for compelling the attendance and submission of witnesses, shall apply for enforcing such production or examination.

II. This Act may be cited as "The Arbitration (Masters and Workmen) Act, 1872."

**MEMORANDUM ON THE ARBITRATION  
(MASTERS AND WORKMEN)  
ACT, 1872.**

**THE USES OF THE ACT.**

Briefly stated, the uses of the Act are three, viz :—

1. To provide the most simple machinery for a binding submission to arbitration, and for the proceedings therein.
2. To extend facilities of arbitration to questions of wages, hours, and other conditions of labour, and also to all the numerous and important matters which may otherwise have to be determined by justices under the provisions of the Employers and Workmen's Act.
3. To provide for submission to arbitration of future disputes by anticipation, without waiting till the time when a dispute has actually arisen, and the parties are too much excited to agree upon arbitrators.

**MODE OF PUTTING THE ACT IN OPERATION.**

1. A form of agreement must be drawn up and printed, either by the employer or by the workman. Such a form is

appended (No. I.) ; but this form is not obligatory, and it may be varied to any extent not inconsistent with the provisions of the Act.

2. When the form of agreement is settled and printed it will become binding on an employer and a workman reciprocally upon the employer giving to the workman—and the workman accepting—a printed copy. But the workman has forty-eight hours to consider and satisfy himself of the effect of the agreement, and if within that time he gives a written or verbal notice to the employer, or his agent, that he rejects it, he will not be bound by it. If after accepting the copy he does not give such notice, then both he and the employer will be bound by the agreement during the agreed term of employment (whether that term be a day, or a week, or a year), and no longer. The agreement, however, may itself provide that six days' notice shall be given of an intention to terminate the employment ; and in any case, upon an expiration of an agreement it may be renewed in the same manner as before.

3. In case any dispute of a kind to which the agreement relates arises between the parties bound by it during the continuance of the agreement, the dispute will be heard and determined, not by the parties, but by the arbitrators, in the mode prescribed by the agreement ; or if no mode is so prescribed, then at their discretion. The attendance of witnesses and the production of evidence may be enforced in the manner provided by the Arbitration Act of 1824 (5 Geo. IV., c. 96).

4. The award of the arbitrators may be in the annexed form (II.) ; and it may be enforced in the manner provided by

the Arbitration Act, 1824, (5 Geo. IV., c. 96), by distress or imprisonment, and otherwise, or it may be enforced by plaint in the county court.

5. An analysis is appended of the clauses of the Arbitration Act, 1824, which will be applicable for the purposes of this Act.

#### FORMS OF AGREEMENT AND AWARD.

##### I.—*Form of Agreement.*

*The Arbitration (Masters and Workmen) Act, 1872.*

A. B. (here insert name or usual description of the employers' firm and the name of the works); and

C. D. (here insert name and occupation of the workman).

1. The arbitrators shall be E. F. and G. H. (*or*, An arbitrator shall, on or before the                      day of 18   , be named in writing by H. I. on the part of the employer, or by J. K. on the part of the workman).

2. The umpire, in case the arbitrators are equally divided, shall be L. M. (*or*, shall be the person for the time being holding the office of                      *or*, shall be appointed by N. O.)

3. In case a person by whom anything is to be done under this agreement as an arbitrator or umpire, or as a person appointed to nominate any arbitrator or umpire, dies or declines to act, or becomes incapable of acting, or is interested as a party or otherwise in the matter referred to him, a person shall be appointed in writing by P. Q., or if P. Q. do not appoint within three days after request in writing from either party to the agreement, then by R. S., to act in the

place of the person so dying, declining, or becoming incapable, or being interested.

4. Six days' notice shall be required of an intention on the part either of the employer or of the workman to terminate the contract of employment and service in respect of which this agreement is made.

5. The parties to this agreement agree to the following rules (or to such rules as may be made by the arbitrators on the following subjects), viz. :—

- (a) As to the rate of wages. (Here insert any such rule agreed on.)
- (b) As to the hours and quantities of work to be performed. (Here insert any such rule agreed on.)
- (c) As to the conditions or regulations under which work is to be done. (Here insert any such rule agreed on.) The penalties for the breach of the above rules shall be the following: (here insert the penalties).

6. The following disputes arising between employer and workman during the continuance of this agreement shall be determined by arbitration under this agreement, viz. :—

- (a) Any such disagreement or dispute as is mentioned in the second section of the Arbitration Act, 1824, (5 Geo. IV., c. 96), except (here insert a description of any such disagreements or disputes which it is intended to except).
- (b) Any question, case, or matter, to which the provisions of the Masters and Servants Act, 1867, apply, except (here insert a description of any such question, case, or matter which it is intended to except).

7. The arbitrators or umpire shall hear any matter referred to them in the following manner, viz. :—(here





ANALYSIS OF THE APPLICABLE SECTIONS OF THE  
ARBITRATION ACT, 1824 (5 GEO. IV., C. 96).

- § 9.—Attendance of witnesses may be enforced by a justice of the peace by summons or commitment.
- § 23.—Acknowledgment of fulfilment of award by the person in whose behalf it is made.
- § 24-30.—Performance of award may be enforced by distress or imprisonment.
- § 31.—Costs and expenses to be settled by the arbitrators.
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